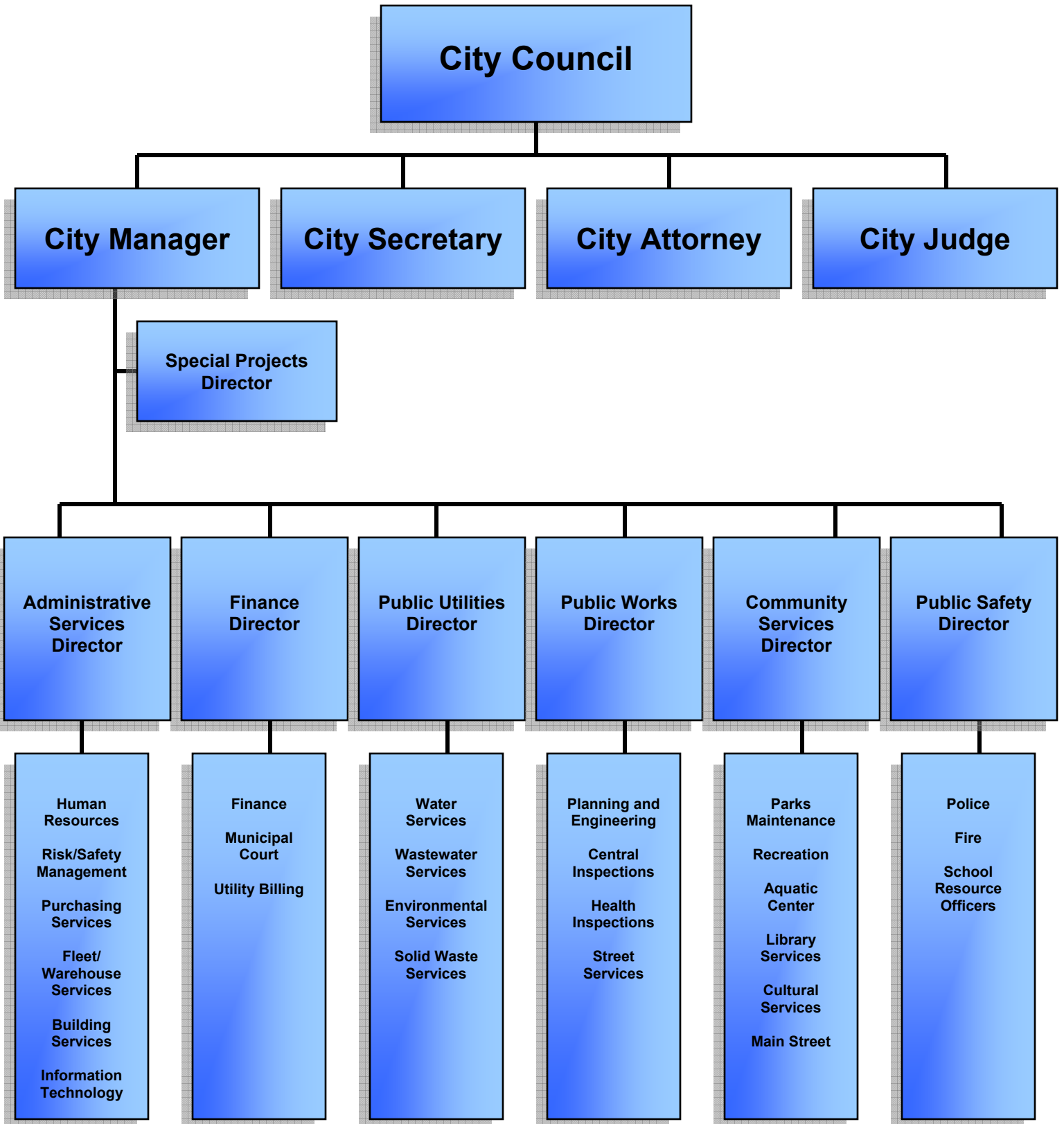


# Organizational Overview

## Principal City Officials

Mayor	J Turner
Councilmember - Ward 1	Jim Willet
Councilmember - Ward 2	Mac Woodward
Councilmember - Ward 3	Clarence Griffin
Councilmember - Ward 4	Bob Tavenner
Councilmember - at - Large - Position 1	Dalene Zender
Councilmember - at - Large - Position 2	Melissa Mahaffey
Councilmember - at - Large - Position 3	Mickey Evans
Councilmember - at - Large - Position 4 (Mayor Pro-tem)	Jack Choate
City Manager	Kevin Evans
City Secretary	Danna Welter
City Attorney	Thomas Leeper
City Judge	John Gaines
Special Projects Director	Glenn Isbell
Finance Director	Winston Duke
Administrative Services Director	Victor Peña
Public Safety Director	Jean Sanders
Public Utilities Director	Bill Daugette
Public Works Director	Steve Stacy
Community Services Director	Stephanie Brim



# Summary of Personnel by Fund and Department

	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>
<b>General Fund</b>			
<b><u>Charter Offices/General Administration</u></b>			
Office of City Manager	3.50	3.00	3.00
Office of City Secretary	2.00	2.00	2.00
Office of City Attorney	1.00	1.00	1.00
Office of City Judge	1.00	1.00	1.00
Economic Development	-	-	-
<b>Total</b>	<b>7.50</b>	<b>7.00</b>	<b>7.00</b>
<b><u>Administration</u></b>			
Cultural Services <sup>1</sup>	2.00	2.00	-
Main Street <sup>1</sup>	1.00	1.00	-
Library <sup>1</sup>	9.00	9.00	-
<b>Total</b>	<b>12.00</b>	<b>12.00</b>	<b>-</b>
1- Moved to Community Services			
<b><u>Administrative Services</u></b>			
Human Resources	3.00	4.00	4.00
Risk and Safety Management	1.00	1.00	1.00
Purchasing	-	1.00	1.00
Fleet Administration/Warehouse <sup>2</sup>	-	-	3.00
Garage Operations <sup>2</sup>	-	-	6.00
Building Services <sup>3</sup>	-	-	2.00
Information Technology	6.00	5.00	5.00
<b>Total</b>	<b>10.00</b>	<b>11.00</b>	<b>22.00</b>
2- Moved from Public Services			
3- Moved from Parks & Recreation			
<b><u>Finance Department</u></b>			
Finance	3.00	8.00	8.00
Accounting	4.50	-	-
Municipal Court	4.00	4.50	5.50
<b>Total</b>	<b>11.50</b>	<b>12.50</b>	<b>13.50</b>
<b><u>Public Services Department</u></b>			
Public Services Administration	6.00	7.50	-
Fleet Administration/Warehouse <sup>4</sup>	3.00	3.00	-
Garage Operations <sup>4</sup>	7.00	6.00	-
Planning <sup>5</sup>	2.00	2.00	-
Engineering <sup>5</sup>	5.00	5.00	-
Community Development <sup>6</sup>	3.00	2.00	-
Survey <sup>5</sup>	5.00	5.00	-
Central Inspection <sup>5</sup>	7.00	7.00	-
Health <sup>5</sup>	2.00	2.00	-
Animal Control <sup>7</sup>	1.00	-	-
<b>Total</b>	<b>41.00</b>	<b>39.50</b>	<b>-</b>

4- Moved to Administrative Services

5- Moved to Public Works

6- Division eliminated and Community Development Manager moved to Community Services

7- Division eliminated and Animal Control Officer moved to Public Safety in FY 05-06

	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>
<b><u>Public Utilities Department</u></b>			
Public Utilities Administration	-	-	2.00
<b>Total</b>	-	-	<b>2.00</b>

**Public Works Department**

Public Works Administration	-	-	6.50
Planning <sup>8</sup>	-	-	2.00
Engineering <sup>8</sup>	-	-	5.00
Survey <sup>8</sup>	-	-	5.00
Central Inspection <sup>8</sup>	-	-	6.00
Health <sup>8</sup>	-	-	2.00
<b>Total</b>	-	-	<b>26.50</b>

8- Moved from Public Services

**Parks and Recreation Department**

Parks and Recreation Administration	2.00	2.00	-
Recreation <sup>9</sup>	4.00	4.50	-
Parks Maintenance <sup>9</sup>	8.66	8.66	-
Urban Forestry	1.00	1.00	-
Building Services <sup>10</sup>	2.00	2.00	-
<b>Total</b>	<b>17.66</b>	<b>18.16</b>	-

9- Moved to Community Services

10- Moved to Administrative Services

**Community Services Department**

Community Services Administration	-	-	4.50
Parks Maintenance <sup>11</sup>	-	-	13.66
Cultural Services <sup>12</sup>	-	-	2.00
Main Street <sup>12</sup>	-	-	1.00
Library <sup>12</sup>	-	-	9.00
<b>Total</b>	-	-	<b>30.16</b>

11- Moved from Parks & Recreation

12- Moved from Administration

**Public Safety Department**

Public Safety Administration	2.00	2.00	2.00
Police	46.00	47.00	48.00
Fire	6.00	7.00	9.00
<b>Total</b>	<b>54.00</b>	<b>56.00</b>	<b>59.00</b>

**Total General Fund**

**153.66      156.16      160.16**

**Water**

**Public Services Department**

Water Production <sup>13</sup>	4.00	4.00	-
Water Distribution <sup>13</sup>	10.00	10.00	-
Meter Reading <sup>13</sup>	4.00	4.00	-
Construction Crew <sup>13</sup>	4.00	4.00	-
<b>Total</b>	<b>22.00</b>	<b>22.00</b>	-

13- Moved to Public Utilities

	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>
<b><u>Public Utilities Department</u></b>			
Water Production <sup>14</sup>	-	-	4.00
Water Distribution <sup>14</sup>	-	-	10.00
Meter Reading <sup>14</sup>	-	-	4.00
Construction Crew <sup>14</sup>	-	-	4.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>22.00</b>
14- Moved from Public Services			
<b><u>Finance Department</u></b>			
Utility Billing	5.50	6.00	6.00
<b>Total</b>	<b>5.50</b>	<b>6.00</b>	<b>6.00</b>
<b><u>Total Water Fund</u></b>	<b><u>27.50</u></b>	<b><u>28.00</u></b>	<b><u>28.00</u></b>
<b>Wastewater</b>			
<b><u>Public Services Department</u></b>			
Wastewater Collection <sup>15</sup>	11.00	10.00	-
AJ Brown WWTP <sup>15</sup>	5.50	5.00	-
NB Davidson WWTP <sup>15</sup>	3.50	4.00	-
Robinson Creek WWTP <sup>15</sup>	3.00	4.00	-
Environmental Services <sup>15</sup>	4.00	3.00	-
<b>Total</b>	<b>27.00</b>	<b>26.00</b>	<b>-</b>
15- Moved to Public Utilities			
<b><u>Public Utilities Department</u></b>			
Wastewater Collection <sup>16</sup>	-	-	10.00
AJ Brown WWTP <sup>16</sup>	-	-	5.00
NB Davidson WWTP <sup>16</sup>	-	-	4.00
Robinson Creek WWTP <sup>16</sup>	-	-	4.00
Environmental Services <sup>16</sup>	-	-	3.00
<b>Total</b>	<b>-</b>	<b>-</b>	<b>26.00</b>
16- Moved from Public Services			
<b><u>Total Wastewater Fund</u></b>	<b><u>27.00</u></b>	<b><u>26.00</u></b>	<b><u>26.00</u></b>
<b>Solid Waste Fund</b>			
<b><u>Public Services Department</u></b>			
Commercial Collection <sup>17</sup>	7.00	7.00	-
Solid Waste Disposal <sup>17</sup>	9.00	9.00	-
Residential Collection <sup>17</sup>	13.00	13.00	-
Recycling <sup>17</sup>	1.00	1.00	-
Street Sweeping <sup>18</sup>	1.00	1.00	-
<b>Total</b>	<b>31.00</b>	<b>31.00</b>	<b>-</b>
17- Moved to Public Utilities			
18- Moved to Public Works			

	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>
<b><u>Public Utilities Department</u></b>			
Commercial Collection <sup>19</sup>	-	-	7.00
Solid Waste Disposal <sup>19</sup>	-	-	9.00
Residential Collection <sup>19</sup>	-	-	13.00
Recycling <sup>19</sup>	-	-	1.00
<b>Total</b>	-	-	<b>30.00</b>
19- Moved from Public Services			
<b><u>Public Works Department</u></b>			
Street Sweeping <sup>20</sup>	-	-	1.00
<b>Total</b>	-	-	<b>1.00</b>
20- Moved from Public Services			
<b><u>Total Solid Waste Fund</u></b>	<b><u>31.00</u></b>	<b><u>31.00</u></b>	<b><u>31.00</u></b>
<b>Street Fund</b>			
<b><u>Public Services Department</u></b>			
Street <sup>21</sup>	19.00	19.00	-
Drainage Maintenance <sup>21</sup>	4.00	4.00	-
<b>Total</b>	<b>23.00</b>	<b>23.00</b>	-
21- Moved to Public Works			
<b><u>Public Works Department</u></b>			
Street <sup>22</sup>	-	-	19.00
Drainage Maintenance <sup>22</sup>	-	-	4.00
<b>Total</b>	-	-	<b>23.00</b>
22- Moved from Public Services			
<b><u>Total Street Fund</u></b>	<b><u>23.00</u></b>	<b><u>23.00</u></b>	<b><u>23.00</u></b>
<b>Cemetery Fund</b>			
<b><u>Parks and Recreation Department</u></b>			
Cemetery Operations <sup>23</sup>	2.00	2.00	-
<b>Total</b>	<b>2.00</b>	<b>2.00</b>	-
23- Moved to Community Services			
<b><u>Community Services Department</u></b>			
Cemetery Operations <sup>24</sup>	-	-	2.00
<b>Total</b>	-	-	<b>2.00</b>
24- Moved from Parks & Recreation			
<b><u>Total Cemetery Fund</u></b>	<b><u>2.00</u></b>	<b><u>2.00</u></b>	<b><u>2.00</u></b>

	<u>FY 04-05</u>	<u>FY 05-06</u>	<u>FY 06-07</u>
<b>School Resource Officer Fund</b>			
<u>Public Safety Department</u>			
School Resource Officer	5.00	5.00	5.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>
<b><u>Total School Resource Officer Fund</u></b>	<b><u>5.00</u></b>	<b><u>5.00</u></b>	<b><u>5.00</u></b>
<b>Court Security Fund</b>			
<u>Finance Department</u>			
Municipal Court	-	1.00	1.00
<b>Total</b>	<b>-</b>	<b>1.00</b>	<b>1.00</b>
<b><u>Total Court Security Fund</u></b>	<b><u>-</u></b>	<b><u>1.00</u></b>	<b><u>1.00</u></b>
<b>Golf Course Operations Fund</b>			
<u>Parks and Recreation Department</u>			
Golf Course Operations	9.50	-	-
Golf Pro Shop Operations	5.50	-	-
<b>Total</b>	<b>15.00</b>	<b>-</b>	<b>-</b>
<b><u>Total Golf Course Operations Fund</u></b>	<b><u>15.00</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b><u>Total Full Time Equivalents All Funds</u></b>	<b><u>284.16</u></b>	<b><u>272.16</u></b>	<b><u>276.16</u></b>
<b>Budgeted actual number of full-time employees</b>	<b>271.00</b>	<b>265.00</b>	<b>271.00</b>
<b>Budgeted actual number of part-time employees</b>	<b>26.00</b>	<b>12.00</b>	<b>10.00</b>
<b>FY 2006-07 Budgeted Part-Time Employees</b>			
Municipal Court			
Public Services Administration			
Community Services Administration			
Parks Maintenance			
Library Services (4)			
Solid Waste Disposal			
Solid Waste Disposal			
<b>Budgeted number of interns</b>	<b>9.00</b>	<b>4.00</b>	<b>4.00</b>
<b>Budgeted number of volunteer firefighters</b>	<b>40.00</b>	<b>40.00</b>	<b>40.00</b>
<b><u>Total Actual Number of Employees</u></b>	<b><u>346.00</u></b>	<b><u>321.00</u></b>	<b><u>325.00</u></b>

## Summary of Personnel Changes

### Office of City Manager

Assistant to the City Manager Position eliminated  
Special Project Director Position added

### Municipal Court

Juvenile Case Coordinator Position added

### Public Services Administration

Division renamed Public Utilities Administration  
Public Services Director Position eliminated  
Operations Superintendent Position reclassified as Public Utilities Director  
Administrative Assistant-Public Utilities Position added  
City Engineer Position reclassified as Public Works Director and moved to Public Works Administration  
Administrative Coordinator Position moved to Public Works Administration  
Customer Service Assistant Position moved to Public Works Administration  
Part-time Administrative Clerk Position moved to Public Works Administration  
Administrative Assistant-Public Works Position moved to Public Works Administration  
GIS Administrator Position moved to Public Works Administration

### Public Works Administration

City Engineer Position reclassified as Public Works Director and moved from Public Services Administration  
Administrative Coordinator Position moved from Public Services Administration  
Customer Service Assistant Position moved from Public Services Administration  
Part-time Administrative Clerk Position moved from Public Services Administration  
Administrative Assistant-Public Works Position moved from Public Services Administration  
GIS Administrator Position moved from Public Services Administration  
Office Assistant- Permits Position moved from Central Inspections Division

### Central Inspections

Office Assistant- Permits Position moved to Public Works Administration

### Community Development

Community Development Coordinator Position moved to Community Services Administration  
Huntsville's Promise Coordinator Position eliminated

### Community Services Administration

Community Service Director Position added  
Parks and Recreation Director reclassified as Operations/Contracts Administrator  
Part-time Community Services Clerk Position moved from Recreation Division  
Community Development Coordinator Position moved from Community Development Division

### Recreation

Recreation Superintendent Position eliminated  
Part-time Community Services Clerk Position moved to Community Services Administration  
Recreation Crewleader Position moved to Parks Maintenance Division  
(2) Recreation Crewmen Positions moved to Parks Maintenance Division

### Parks Maintenance

Recreation Crewleader Position moved from Recreation Division  
(2) Recreation Crewmen Positions moved from Recreation Division  
(2) Parks Maintenance Crewman Positions added

### Urban Forestry

Urban Forester Position eliminated

### Police

Police Lieutenant Position added

### Fire

(2) Firefighter Positions added (with possible grant funding)

### Net Position Additions/Deletions General Fund

4.00

### Net Position Additions/Deletions Other Funds

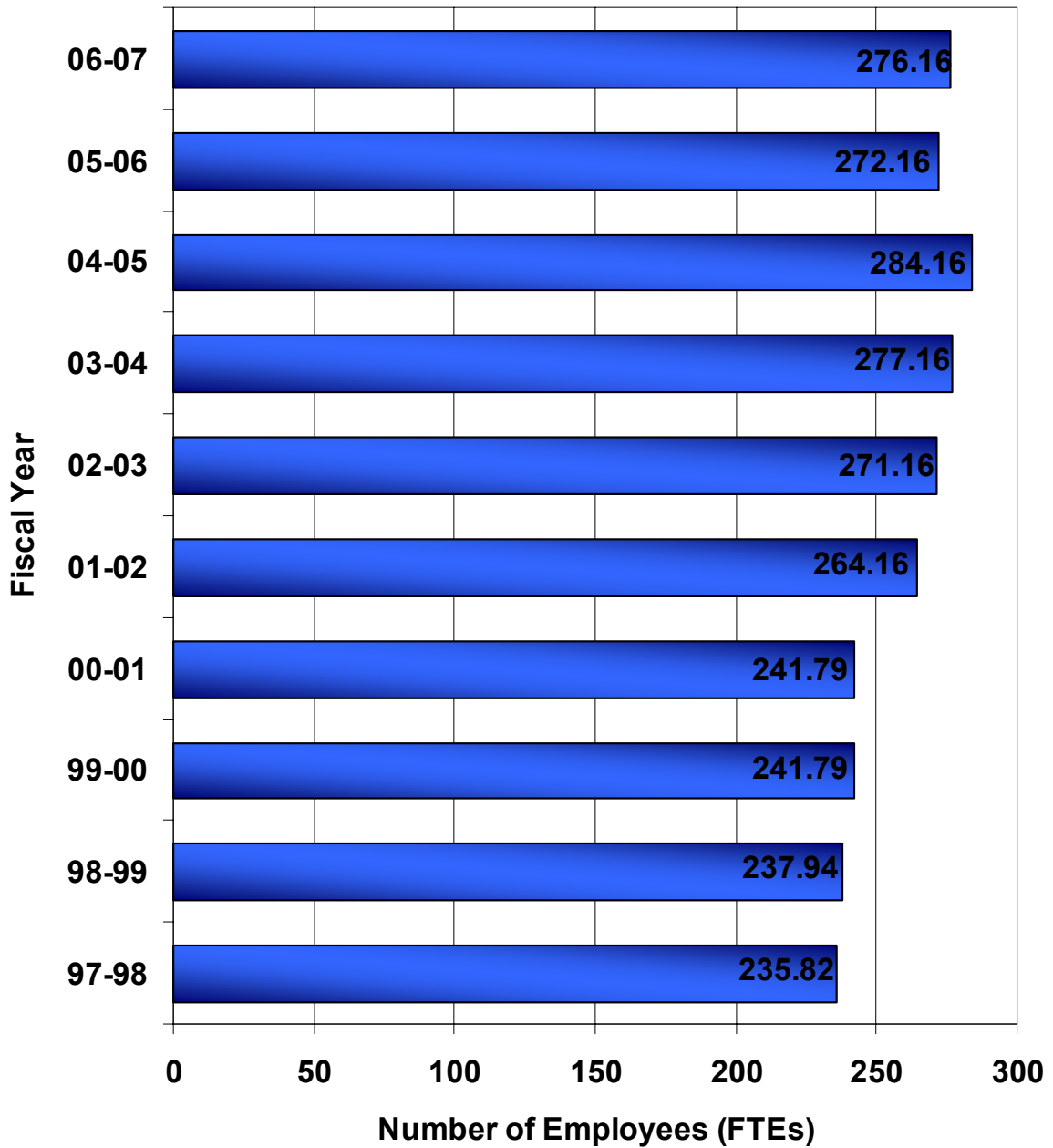
-

### Net Position Additions/Deletions All Funds

4.00



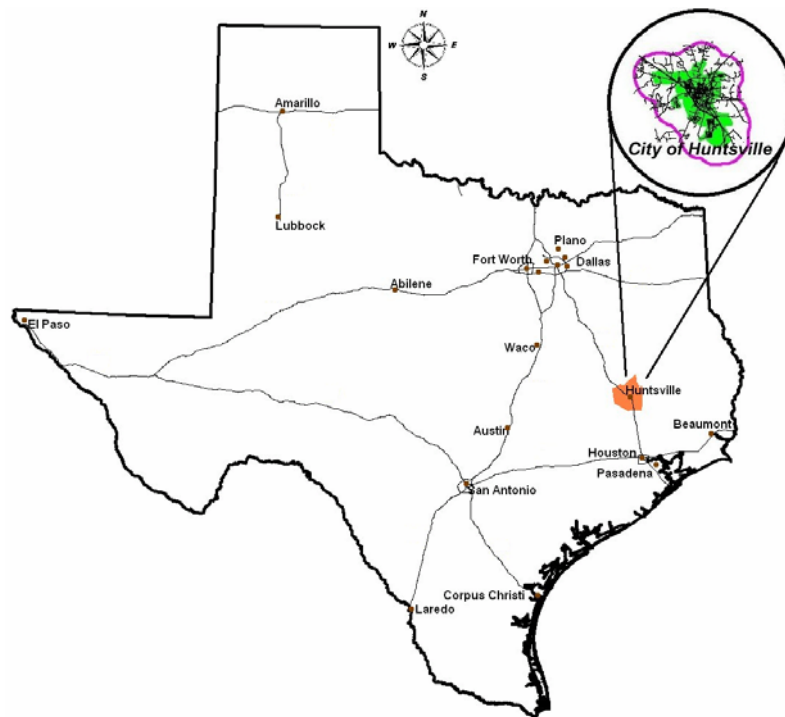
## Employee History





# Statistical Information

The City of Huntsville is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated January 30, 1845 and first adopted its Home Rule Charter on September 28, 1968. The City operates under a Council/Manager form of government, where the Mayor and eight Councilmembers are elected for staggered two-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administrative officer. The City of Huntsville is the county seat and principal commercial center of Walker County, located on Interstate 45, approximately 70 miles north of Houston, 170 miles southeast of Dallas, and approximately 130 miles west of the Louisiana state line. The city's 2000 census was 35,078, a 25.6% increase from the 1990 census. Population estimates include inmates within the Texas Department of Criminal Justice (TDCJ) system. The headquarters for the TDCJ, and five of its prison units (housing approximately 7,800 inmates), are located within the city limits and employ approximately 2,600 personnel. There are two additional units located outside the city limits, within Walker County, that employ approximately 2,900 personnel and house approximately 5,100 inmates. Sam Houston State University (SHSU), with a 2006 fall enrollment of approximately 15,900, is located here.



Walker County is in an east Texas county with an economy based on the state prison system, lumbering, and agribusiness. Principal sources of agricultural income include cattle, horses, cotton, grain, and timber. Minerals produced in the county include gas, sand, stone, and gravel. The 2000 census for the county was 61,758, an increase of 21.3% since 1990. The Sam Houston National Forest covers 53,461 acres of Walker County. Huntsville State Park is located within the national forest and on the outskirts of Huntsville. Nearby Lake Livingston and Lake Conroe also provide recreational facilities for residents and visitors. Other tourism attractions include the Sam Houston Memorial Museum and Park Complex, located near SHSU, and the Visitors Center, located at the Sam Houston statue site. A Tribute to Courage," the Sam Houston Statue, was designed and constructed by artist David Adickes. He dedicated the statue to the City of Huntsville on October 22, 1994. It is the world's tallest statue of an American Hero at 67 feet tall on a 10 foot sunset granite base.

According to the United States Census Bureau, the 2003 median income for Walker County was \$30,537 per household, compared to the state median of \$39,967. The Texas Workforce Commission reported 24,466 persons employed in Walker County in 2005. The Walker County unemployment rate in 2004 was 5.2.

As the top ten employers chart on the following page depicts, the Huntsville economy is based primarily upon State government: the Texas Department of Criminal Justice (TDCJ) and Sam Houston State University (SHSU). Huntsville serves as the Administrative Headquarters of TDCJ. TDCJ consists of four primary components: Institutional Division, State Jail Division, Parole Division, and the Manufacturing and Logistics Division. 118 prison units are distributed throughout the state. Seven units are located in Walker County, with five of them within the city limits. Beyond TDCJ and SHSU, other governmental presence in Huntsville includes Region VI Educational Service Center, Gulf Coast Trades Center, Sam Houston State Park, Sam Houston National Forest, and the various units of local government and state field offices. The large governmental presence keeps the unemployment rate low, but also places much greater pressure on the property tax rate and utility rates.

## Top Ten Employers- 2006

Employers Name	Number of Employees
Texas Department of Criminal Justice	6,096
Sam Houston State University	2,862
Huntsville Independent School District	965
Huntsville Memorial Hospital	511
Wal-Mart	485
Region VI Educational Service Center	389
Walker County	365
City of Huntsville	321
Gulf Coast Trades Center	200
Weatherford Completion Services	160

## Top Ten Tax Payers- 2006

Taxpayer Name	Type of Business	2006 Taxable Valuation	Percentage of Total Assessed Valuation
Wal-Mart Stores, Inc.	Retail	\$ 16,054,400	1.75%
Weatherford Completion	Oilfield Equipment	14,833,094	1.62%
Huntsville Place, LP	Apartment Complex	13,031,050	1.42%
Samuel C. Dominey	Individual Investor	11,334,090	1.24%
Entergy Gulf States, Inc.	Electric Utility	11,217,820	1.22%
Southwestern Bell Telephone	Phone Utility	9,349,770	1.02%
West Hill Mall	Shopping Center	6,488,190	0.71%
Home Depot, Inc	Retail	5,830,970	0.64%
HD Development Properties	Development	5,727,770	0.62%
Huntsville University Place Apts.	Apartment Complex	5,718,660	0.62%
Total		\$ 99,585,814	10.87%

*City of Huntsville Operating Budget*  
**Ten Year Period and FY 06-07**

FISCAL YEAR	GENERAL FUND	DEBT SERVICE FUND	SPECIAL REVENUE FUNDS (1)	WATER & SEWER FUND	WATER FUND	WASTE- WATER FUND	SOLID WASTE FUND
1996-97	8,780,286	664,528	330,323	9,248,590	-	-	2,839,131
1997-98	9,566,323	592,500	377,108	10,373,588	-	-	2,994,349
1998-99	10,445,053	646,641	486,644	10,579,572	-	-	3,279,628
1999-00	10,821,133	975,910	461,662	12,310,505	-	-	3,139,079
2000-01	10,343,793	1,172,794	2,397,736	-	8,745,099	6,021,913	3,371,705
2001-02	10,697,122	1,195,999	2,520,343	-	9,642,851	6,223,031	3,555,895
2002-03	11,377,753	1,372,865	2,559,975	-	9,390,966	7,136,060	3,688,115
2003-04	12,455,675	1,649,876	2,960,934	-	11,730,438	9,992,405	3,694,302
2004-05	12,959,512	1,768,625	3,160,771	-	9,724,857	7,296,973	3,574,815
2005-06	13,427,821	2,345,770	3,209,562	-	10,493,271	7,674,610	3,492,426
2006-07	14,547,855	1,868,146	3,686,911	-	11,323,313	8,430,499	3,761,347

Notes:

- (1) Includes Court Security, Court Technology, Street, Police Seizure, Hotel/Motel Tax & Arts, Arts Center, Airport, Library, Police Forfeiture, Police Grants, Library, and PD Resource Officer Special Revenue Funds.
- (2) Includes Stormwater Drainage Utility for FY 2000-01. Beginning in FY 2001-02, includes only the Oakwood Cemetery Operations Fund.
- (3) Includes Medical Insurance, Planning & Development, Equipment Replacement, Fire Equipment Replacement, Fleet Management/Warehouse, Computer Equipment Replacement, and Information Technology Operations Internal Service Funds in years prior to FY 2002-03. Beginning in FY 2002-03, includes the Medical Insurance Fund and Equipment Replacement Funds. Fleet Operations and Information Technology operations were moved to General Fund. Planning & Development was split between the General, Water, and Wastewater Funds.
- (4) Includes Library Endowment and Oakwood Cemetery Endowment Funds.

GOLF COURSE FUND	CEMETERY OPERATIONS FUND (2)	INTERNAL SERVICE FUNDS (3)	PERMANENT FUNDS (4)	TOTAL	INTERFUND	NET BUDGET
-	-	-	-	21,862,858	1,248,244	20,614,614
-	-	674,387	-	24,578,255	1,773,820	22,804,435
-	-	676,000	6,000	26,119,538	1,947,153	24,172,385
-	-	690,500	-	28,398,789	2,082,558	26,316,231
-	579,486	3,941,627	-	36,574,153	5,944,150	30,630,003
753,195	171,778	4,886,732	15,000	39,661,946	6,706,146	32,955,800
1,620,040	115,617	2,087,795	7,500	39,356,686	5,188,874	34,167,812
1,308,197	116,710	2,527,837	3,500	40,899,297	5,936,432	34,962,865
1,064,652	111,607	2,387,472	4,500	42,053,784	7,032,347	35,021,437
-	122,022	3,021,461	11,500	43,798,443	8,877,932	34,920,511
-	127,008	3,804,007	11,000	47,560,086	11,763,753	35,796,333

Ratio Net General Debt to Assessed Taxable Value and  
Net General Debt Per Capita

Ten Year Period and FY 06-07

Fiscal Year	Census Population	Assessed Taxable Value *	Bonded Debt	Certificates of Obligation and Notes
1996-97	34,592	515,929,690	3,600,000	501,948
1997-98	34,592	537,100,530	3,350,000	656,790
1998-99	34,592	561,573,333	3,075,000	8,560,952
1999-00	34,592	638,054,799	2,750,000	8,176,656
2000-01	34,592	674,212,375	2,425,000	12,765,058
2001-02	35,078	730,223,600	2,100,000	12,550,000
2002-03	35,078	753,850,073	1,700,000	12,385,000
2003-04	35,078	819,872,577	1,300,000	12,180,000
2004-05	35,078	876,954,904	150,000	19,558,063
2005-06	35,078	916,559,997	-	20,446,333
2006-07	35,078	987,649,140	-	20,555,694



	Debt Service Monies Available	Net General Debt	Ratio of Net General Debt to Assessed Value	Net General Debt Per Capita
\$	436,420	3,665,528	.0071	105.96
	438,113	3,568,677	.0066	103.16
	475,326	11,160,626	.0199	322.64
	474,893	10,451,763	.0164	302.14
	474,999	14,715,059	.0218	425.39
	474,893	14,175,107	.0194	404.10
	492,562	13,592,438	.0180	387.49
	503,054	12,976,946	.0158	369.95
	393,046	17,911,954	.0204	510.63
	362,920	20,083,413	.0219	572.54
	152,526	20,403,168	.0207	581.65

*Comparison of Taxable Values, Tax Rates,  
Tax Levy and Collections*  
**Ten Year Period and FY 06-07**

Fiscal Year	TOTAL		TAX RATE			Adjusted Levy **
	Value *	Assessment Ratio	General	I & S	Total	
1996-97	\$ 515,929,690	100	.26900	.11540	.3844	1,987,876
1997-98	537,100,530	100	.28312	.10128	.3844	2,060,949
1998-99	561,573,333	100	.32718	.10282	.4300	2,430,332
1999-00	638,054,799	100	.27609	.13641	.4125	2,628,979
2000-01	674,212,375	100	.30763	.12487	.4325	2,909,643
2001-02	730,223,600	100	.27785	.15465	.4325	3,161,368
2002-03	753,850,073	100	.28397	.16603	.4500	3,392,325
2003-04	819,872,577	100	.23223	.19277	.4250	3,544,814
2004-05	876,954,904	100	.24473	.19277	.4375	3,836,678
2005-06	916,559,997	100	.23913	.19277	.4319	3,987,376
2006-07	987,649,140	100	.23810	.18110	.4192	4,058,517

\*\*\*Not yet available, year not complete

COLLECTIONS CURRENT ROLL			COLLECTIONS PRIOR ROLLS	
Amount	Percent of Total	Total Outstanding Delinquent Taxes	Amount	Percent of Total
1,938,126	97.57	161,256	37,870	23.48
2,023,680	98.20	144,430	50,544	35.00
2,373,496	97.70	148,085	45,153	30.49
2,603,718	98.00	139,168	49,086	35.50
2,817,763	97.00	181,962	47,000	26.00
3,030,000	96.00	214,429	47,750	22.00
3,103,141	98.15	154,323	51,540	33.40
3,420,595	96.50	124,219	71,811	57.81
3,686,935	96.10	149,743	106,909	71.40
3,835,272	96.20	335,816	80,750	24.05
***	***	***	***	***

Property Tax Rates  
All Overlapping Governments  
Ten Year Period and FY 06-07

Fiscal Year	City		Total	School/CED	County	Hospital	Total
	General	Debt Service					
1996-97	.26900	.11540	.3844	1.44	.5950	.1690	2.5884
1997-98	.28312	.10128	.3844	1.44	.5950	.1550	2.5744
1998-99	.32718	.10282	.4300	1.44	.5950	.1500	2.6150
1999-00	.27609	.13641	.4125	1.69	.5850	.1355	2.8230
2000-01	.30763	.12487	.4325	1.69	.5850	.1445	2.8520
2001-02	.27785	.15465	.4325	1.66	.5850	.1500	2.8275
2002-03	.28397	.16603	.4500	1.66	.6250	.1600	2.8950
2003-04	.23223	.19277	.4250	1.66	.6250	.1850	2.8950
2004-05	.24473	.19277	.4375	1.66	.6250	.1922	2.9147
2005-06	.23913	.19277	.4319	1.66	.5997	.1825	2.8741
2006-07	.23810	.18110	.4192	1.53	.5667	.1720	2.6879

# Fiscal and Budgetary Policies

## I. STATEMENT OF PURPOSE

The purpose of the Fiscal and Budgetary Policies is to identify and present an overview of policies dictated by state law, the City Charter, City ordinances, and administrative policies. The aim of these policies is to achieve long-term stability and a positive financial condition. These policies provide guidelines to the administration and finance staff in planning and directing the City's day-to-day financial affairs and in developing financial recommendations to the City Council. These policies set forth the basic framework for the overall fiscal management of the City. Operating independently of changing circumstances and conditions, these policies assist in the decision-making process. These policies provide guidelines for evaluating both current activities and proposals for future programs.

These policies represent long-standing principles, traditions and practices which have guided the City in the past and have helped maintain financial stability. An important aspect of the policies is the application of budget and fiscal policies in the context of a long-term financial approach. The scope of these policies span accounting, auditing, financial reporting, internal controls, operating and capital budgeting, revenue management, cash and investment management, expenditure control, asset management and debt management.

The City Council and/or Finance Committee annually review and approve the Fiscal and Budgetary Policies as part of the budget process.

## II. BASIS OF ACCOUNTING

A. **Accounting in Accordance With GAAP.** The City's finances shall be accounted for in accordance with generally accepted accounting principals as established by the Governmental Accounting Standards Board.

1. **Organization of Accounts.** The accounts of the City shall be organized and operated on the basis of funds. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

2. **Fund Structure.** The City of Huntsville uses the following fund groups:

### Governmental Funds

General Fund

General Obligation Debt Service Fund

Capital Projects Funds

Special Revenue Funds:

Court Security/Technology

Street

Police Forfeiture

Airport

Public Safety Grants

PD School Resource Officer

Library

Hotel/Motel Tax & Arts

**Proprietary Funds:**

Enterprise Funds:

Water  
Solid Waste

Wastewater  
Cemetery Operations

Internal Service Funds:

Medical Insurance

Equipment Replacement

**Permanent Funds:**

Library Endowment  
Cemetery Endowment

3. **Governmental Fund Types.** Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, General Obligation Debt Service and Capital Project funds. Governmental fund types shall use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.
4. **Proprietary Fund Types.** Proprietary fund types are used to account for the City's business type activities (e.g., activities that receive a significant portion of their funding through user charges). The City has two types of proprietary funds: Enterprise Funds and Internal Service Funds. The City's Proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Enterprise funds receive their revenues primarily through user charges for service. Internal Service funds receive their revenues primarily from the other funds of the City.
5. **Permanent Funds.** The Library Endowment Fund and Oakwood Cemetery Endowment Fund are used to account for endowments received by the City. Money available for expenditures in these funds are the accumulated interest earnings.
6. **Encumbrance Accounting.** The City shall utilize encumbrance accounting for its Governmental fund types, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

### **III. OPERATING BUDGET**

#### **A. BUDGET PROCESS.**

1. **Proposed Budget.** Section 8.02 of the City Charter requires that the City Manager submit to the City Council a proposed budget at least 30 days prior to the end of the fiscal year that presents a complete financial plan for the ensuing year. Public hearings shall be held in the manner prescribed by the laws of the State of Texas relating to budgets in cities and towns. The Charter requires that no budget be adopted or appropriations made unless the total of estimated revenues, income and funds available shall be equal to or in excess of such budget or appropriations. Past practice has been to present a draft budget to City Council at least six weeks prior to fiscal year end.

- a. The budget shall include four basic segments for review and evaluation: (1) personnel costs, (2) base budget (same level of service) for operations and maintenance costs, (3) decision packages for capital and other (non-capital) project costs, and (4) revenues. In the base budget, the City Manager may elect to include decision package items, or replacement items with a cost of up to \$5,000, and may include in the base budget scheduled replacements in the Equipment Replacement Fund.
  - b. The budget review process shall include City Council participation in the development of each of the four segments of the proposed budget.
  - c. The budget process will allow the opportunity for the City Council to address policy and fiscal issues.
  - d. A copy of the proposed budget shall be filed with the City Secretary when it is submitted to the City Council.
2. **Modified Incremental Approach.** The operating budget for the prior year shall serve as the starting point for budget estimates. Increases or decreases shall be detailed in supporting documents. Detail supporting sheets shall be prepared for each object series.
  3. **Adoption.** Upon the presentation of a proposed budget document to the City Council, the City Council shall call and publicize a public hearing. The City Council shall subsequently adopt by Ordinance such budget, as it may have been amended, as the City's Annual Budget, effective for the fiscal year beginning October 1.

As required by Section 8.02 of the Charter, if the City Council takes no action to adopt a budget on or prior to September 27th, the budget as submitted by the City Manager, is deemed to have been finally adopted by the City Council.

4. **Government Finance Officers Association.** The annual budget shall be submitted to the Government Finance Officers Association (GFOA) for evaluation and consideration for the Distinguished Budget Presentation Award.
  5. **Truth in Taxation.** Budget development procedures will be in conformance with State law, outlined in the Truth in Taxation process. In the event of a tax increase, at least two notices will be given and a public hearing held.
- B. PLANNING.** Budgeting is an essential element of the financial planning, control, and evaluation process of municipal government. The budget planning process is for a five year period recognizing that budgets are influenced by decisions made in prior year budgets and that decisions made in the current year budgets serve a precursor to future budget requirements. The City shall recognize both short-term needs and objectives in relation to the long-term goals of the City.

**C. PREPARATION.** The operating budget is the City's annual financial operating plan. The budget includes all of the operating departments of the City, the debt service fund, all capital projects funds, internal service funds, and all special revenue funds of the City. An annual budget shall be prepared for all funds of the City, with the exception that capital projects will be budgeted on a project length basis, rather than an annual basis.

1. **Basis of Budget.** Operating budgets are adopted on a basis consistent with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board, with exceptions, including that depreciation is not included in the budget, capital purchases are budgeted in the year of purchase, unmatured interest on long-term debt is recognized when due, and debt principal is budgeted in the year it is to be paid.
  - a. Governmental Fund Types are budgeted on a modified accrual basis, with exceptions as noted above. Revenues are included in the budget in the year they are expected to become measurable and available. Expenditures are included in the budget when they are measurable, a liability is incurred, and the liability will be liquidated with resources included in the budget.
  - b. Capital project budgets are project length budgets and are budgeted on a modified accrual basis.
  - c. Proprietary fund types are budgeted generally on an accrual basis with exceptions as noted above. Revenues are budgeted in the year they are expected to be earned and expenses are budgeted in the year the liability is expected to be incurred. The emphasis is on cash transactions in lieu of non-cash transactions, such as depreciation. The focus is on the net change in working capital.
2. **Legal Level of Control.** The budget shall be adopted at the "legal level of control," which is, by division, within individual funds. The level at which management, without prior council approval, loses the ability to reapply budgeted resources from one use to another is known as the budgets' "legal level of control." The City has a number of levels of detail in the operating budgets - the fund, the department, the division, the classification and the line item.

Example:

Fund - General Fund  
Department - Public Safety  
Division - Police  
Classification - Salaries, Other Pay and Benefits  
Line Item - Full-time Salaries

In the above example, the legal level of control is the budget total for the Police Division. Department Heads may not exceed budget allocations at the classification code level in controllable account without City Manager approval.

3. **Line Item.** A detail budget supporting requested allocations shall be presented to City Council for review.



4. **Identify Available Funds.** The budget shall be sufficiently detailed to identify all available funds. The format will include estimated beginning funds, sources of funds, uses of funds, and estimated remaining funds at budget year-end. An actual prior year, estimated current year and proposed budget shall be presented.
  5. **Interfund Transfers/Charges.** A summary showing transfers and charges between funds will be provided during the budget process to explain the "double counting" of revenues and expenditures.
  6. **Periodic Reports.** In compliance with Section 11.02(d) of the Charter, the City will maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues, expenditures and encumbrances with budgeted amounts.
  7. **Self Sufficient Enterprise Funds.** Enterprise operations, Water, Wastewater, Solid Waste, Golf Course Operations, and Oakwood Cemetery Operations, are intended to be self-sufficient.
  8. **Administrative Cost Reimbursement.** Enterprise fund budgets shall include a reimbursement to the General Fund to pay a proportionate share of administrative costs. Documentation to support the transfer shall be presented to City Council during the budget process.
  9. **Charges to Other Funds by Internal Service Funds.** Charges by internal service funds to user divisions and funds shall be documented as part of the budget process.
  10. **Appropriations Lapse.** Pursuant with Section 11.06 of the Charter, annual appropriations lapse at year end. Items purchased through the formal purchase order system (i.e., the encumbered portions), and not received by fiscal year end, are presented to City Council for re-appropriation in the subsequent fiscal year. To be eligible for automatic re-appropriation in a subsequent year, the goods or services must have been ordered in good faith and appropriated in the year encumbered. Any unencumbered appropriations at year-end may be appropriated by the governing body in the subsequent year. The original budget is amended to include the re-appropriations. Capital projects budgets do not lapse at year-end.
  11. **Performance Indicators and Productivity Indicators.** The annual budget, where possible, will utilize performance measures and productivity indicators. ICMA benchmarking will be used to the extent possible.
- D. **BALANCED BUDGET.** The budget shall be balanced using a combination of current revenues and available funds [defined in Section III(a)]. Current year operating expenses shall be funded with current year generated revenues. Proprietary Funds with outstanding revenue bonds shall not rely on funds available from the prior year to balance the operating budget. No budget shall be adopted unless the total of estimated revenues, income, and funds available is equal to or in excess of such budget.

- E. REPORTING.** Periodic financial reports shall be prepared to enable the Department Heads to manage their budgets and to enable monitoring and control of the budget. A quarterly budget review shall be presented to City Council in sufficient detail to allow decision-making.
- F. CONTROL.** Operating Expenditure Control is addressed in Section V of these Policies.
- G. CONTINGENT APPROPRIATION.** The General Fund, Water Fund, Wastewater Fund, and Solid Waste Fund shall have an adequate contingent appropriation. This contingent appropriation, titled "Reserve for Future Allocation", shall be disbursed only by transfer to another departmental appropriation. Transfers from this item shall be controlled as outlined in Section V, B of these policies.
- H. EMPLOYEE BENEFITS.** The City budget process shall include a review of employee benefits.
1. Medical Insurance Fund - The Finance Committee shall review rates to be charged for employee and dependent coverage. The City shall pay the cost of employee coverage, and the dependent coverage may be purchased at the employee's cost. Changes in benefits shall be at the recommendation of the Trustees of the Employee Medical Plan.
  2. Retirement Plan - The City is a member of the Texas Municipal Retirement System (TMRS). Employees working at least 1,000 hours per year shall contribute 7% to the TMRS plan, and the City's match will be established at a rate that will not exceed 15.54%. Retaining the annual repeating updated service credits will be a priority in the funding. The difference between the TMRS rate and the 15.54% budget shall be deposited to the benefit of the employees in a supplemental retirement plan. Any budgeted funds not spent will revert back to the unallocated monies in the appropriate fund.
  3. Workers Compensation Insurance - The City shall participate in the Texas Municipal League (TML) Workers Compensation Risk Pool. Rates for required coverage will be established by the Pool, adjusted for experience on an annual basis. Refunds that may be granted through the pool will be prorated between the City funds. Unspent monies will revert back to the appropriate fund.
  4. Social Security/Medicare - The City does not pay Social Security for employees. Medicare is paid for employees hired after March 31, 1986.
  5. Recommendations for adjustments to the pay and classification system will be made annually in order to maintain external parity and internal equity. Recommendations will be built into the proposed basic budget.

#### **IV. RESERVES/UNALLOCATED FUNDS**

- A. OPERATING RESERVES/FUND BALANCES.** The City shall maintain unallocated reserves in operating funds to pay expenditures caused by unforeseen emergencies or for shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. Generally, unallocated reserves for all funds excluding Special Revenue Funds, Internal Service Funds, and Capital Projects Funds shall be maintained at a minimum amount of 16.67% of the annual budget (excluding transfers to capital projects) for each fund unless specifically identified in this section. Unallocated reserves shall not be used to support on-going operating expenditures. This reserve is defined as unreserved current assets less inventory and on-going receivables (ex. utility billing, sales tax) minus current liabilities payable from these assets.
- B. FUND BALANCES USED FOR CAPITAL EXPENDITURES.** Reserves shall be used for one time capital expenditures only if:
1. there are surplus balances remaining after all reserve and fund allocations are made; or
  2. the City has made a rational analysis with justifying evidence that it has an adequate level of short and long-term resources.
- C. SPECIFIC APPROPRIATION BY CITY COUNCIL.** If fund balances are used to support one time capital and one time non-operating expenditures, the funds must be specifically appropriated by the City Council.
- D. SPECIAL REVENUE FUNDS.** Monies in the Special Revenue Funds shall be expended for their intended purposes, in accordance with an approved budget. There is no reserve requirement, with the exception of the Hotel/Motel Tax and Arts Special Revenue Fund. The Hotel/Motel Tax and Arts Special Revenue Fund reserves shall be at least 10% of the annual tourism and Visitors Center Operations budget or at a level approved by City Council. Adequate reserves are essential due to the cyclical nature of this revenue source.
- E. CAPITAL PROJECT FUNDS.** Monies in the Capital Projects Funds shall be expended in accordance with an approved budget. There is no reserve requirement. Interest income will be used to offset construction costs or interest expense on the debt issue.
- F. INTERNAL SERVICE FUNDS.** Working capital in equipment replacement funds will vary to meet annual fluctuations in expenditures. Monies in the Internal Service Funds shall be expended for their intended purpose in conformance with the approved budget and approved replacement schedules. Additions to the Fleet or additional computer equipment will not be funded from replacement funds without council approval.
- G. GENERAL OBLIGATION DEBT SERVICE FUND AND INTEREST ACCOUNTS.** Reserves in the General Obligation Debt Service Fund and Water and Wastewater Funds Interest and Sinking accounts shall be maintained as required by outstanding bond indentures. Reduction of reserves for debt shall be done only with City Council approval after Council has conferred with the City's financial advisor to insure there is no violation of bond covenants.

**H. DEBT COVERAGE RATIOS.** Debt Coverage Ratios shall be maintained as specified by the bond covenants.

**I. MEDICAL INSURANCE FUND RESERVE.** A reserve shall be established in the City's Health Insurance Fund to avoid potential shortages. Such reserve shall be used for no purpose other than for financing losses under the insurance program. Excess reserves shall be used to reduce premiums charges; an insufficient reserve shall be increased by adjustments to the premium. The reserve shall be approximately 25 % of anticipated un-reimbursed claims for the budget year.

## **V. REVENUE MANAGEMENT**

**A. CHARACTERISTICS OF THE REVENUE SYSTEM.** The City strives for the following optimum characteristics in its revenue system:

1. **Simplicity and Certainty.** The City shall strive to keep the revenue classification system simple to promote understanding of the revenue sources. The City shall describe its revenue sources and enact consistent collection policies to provide assurances that the revenue are collected according to budgets and plans.
2. **Equity.** The City shall make every effort to maintain equity in its revenue system structure. The City shall minimize all forms of subsidization between entities, funds, services, utilities, and customers.
3. **Realistic and Conservative Estimates.** Revenues are to be estimated realistically. Revenues of volatile nature shall be budgeted conservatively.
4. **Centralized Reporting.** Receipts will be submitted daily to the Finance Department for deposit and investment. Daily transaction reports and supporting documentation will be prepared.
5. **Review of Fees and Charges.** The City shall review all fees and charges annually in order to match fees and charges with the cost of providing that service.
6. **Aggressive Collection Policy.** The City shall follow an aggressive policy of collecting revenues. Utility services will be discontinued (i.e. turned off) for non-payment in accordance with established policies and ordinances. The attorney responsible for delinquent tax collection, through the central collection agency, shall be encouraged to collect delinquent property taxes using an established tax suit policy and sale of real and personal property to satisfy non-payment of property taxes. A warrant officer in the Police Division will aggressively pursue outstanding warrants, and the Court will use a collection agency to pursue delinquent fines.

**B. NON-RECURRING REVENUES.** One-time or non-recurring revenues will not be used to finance current ongoing operations. Non-recurring revenues will be used only for one-time expenditures such as capital needs.

- C. PROPERTY TAX REVENUES.** All real and business personal property located within the City shall be valued at 100% of the fair market value based on the appraisal supplied by the Walker County Appraisal District. Reappraisal and reassessment is as provided by the Appraisal District. A ninety-six percent (96%) collection rate shall serve each year as a goal for tax collections and the budgeted revenue projection. Property tax rates shall be maintained at a rate adequate to fund an acceptable service level. Based upon taxable values, rates will be adjusted to fund this service level. Collection services shall be contracted out with a central collection agency, currently the Walker County Appraisal District.
- D. INTEREST INCOME.** Interest earned from investment of available monies, whether pooled or not, shall be distributed to the funds in accordance with the equity balance of the fund from which monies were invested.
- E. USER-BASED FEES AND SERVICE CHARGES.** For services associated with a user fee or charge, the direct and indirect costs of that service shall be offset wholly or partially by a fee where possible. There shall be an annual review of fees and charges to ensure that the fees provide adequate coverage of costs of services. Full fee support for operations and debt service costs shall be required in the Proprietary Funds. Partial fee support shall be generated by charges for miscellaneous licenses and fines, sports programs, and from other parks, recreational, cultural activities, and youth programs.
- F. UTILITY RATES.** The City shall review and adopt utility rates annually that generate revenues required to cover operating expenditures, meet the legal requirements of applicable bond covenants, and provide for an adequate level of working capital. This policy does not preclude drawing down cash balances to finance current operations if legal requirements of the bond covenants are met.
- G. COST REIMBURSEMENTS TO THE GENERAL FUND.** The General Fund shall be reimbursed by other funds for a proportionate share of administrative costs. Documentation to support the transfer shall be presented to City Council as part of the budget process.
- H. INTERGOVERNMENTAL REVENUES/GRANTS/SPECIAL REVENUES.** Grant revenues and other special revenues shall be spent for the purpose(s) intended. The City shall review grant match requirements and include in the budget all grant revenues and expenditures.
- I. REVENUE MONITORING.** Revenues actually received are to be regularly compared to budgeted revenues and reported to the City Council quarterly.
- J. REVENUE PROJECTIONS.** The City shall project revenues for a five-year period and will update this projection annually. Each existing and potential revenue source shall be re-examined annually.

## VI. EXPENDITURE CONTROL

- A. APPROPRIATIONS.** The responsibility for budgetary control lies with the Department Head. Department Heads may not approve expenditures that exceed monies available at the object code level. Capital expenditures are approved by the City Council on a per project basis. Personnel allocations may not be changed without the approval of City Council.
- B. AMENDMENTS TO THE BUDGET.** In accordance with the City Charter, the City Council may transfer any unencumbered appropriated balance or portion thereof from any office, department, or agency to another at any time.
- C. CENTRAL CONTROL.** Unspent funds in salary and capital allocation object codes may not be spent for any purpose other than their specifically intended purpose without prior authorization of City Council.
- D. CITY MANAGER'S AUTHORITY TO AMEND BUDGET.**
1. **Reserve for Future Allocation.** The City Manager may authorize transfers of \$3,000 or less from the budgeted Reserve for Future Allocation without prior City Council approval. The cumulative total of transfers approved by the City Manager, without prior Council approval, may not exceed 25% of the budgeted Reserve for Future Allocation.
  2. **Transfer Between Line Items.** The City Manager may, without prior City Council approval, authorize transfers between budget line items within a division and may authorize transfers of \$3,000 or less between divisions with the exception that:
    - a) Regular personnel allocations may not be changed;
    - b) Salary and benefit saving, including those due to vacancies may not be transferred from the object code; and
    - c) Savings from City Council - approved capital purchases may not be spent for other than their intended purpose.
    - d) Additions to the Fleet and additional computer equipment may not be purchased from equipment replacement funds.
  3. **Capital Project Budgets.** The City Manager shall have the authority to transfer amounts between line items of a capital project budget and to transfer monies from a project's Contingency Reserve to fund change orders on the project. The City Manager, without prior Council approval, may approve a change order to a construction or engineering contract in an amount not to exceed \$25,000, as long as the cumulative total of all change orders to the project do not exceed the State allowed maximum of 25% of the original contract price. Change orders approved by the City Manager shall be presented to Council at their next regularly scheduled meeting.

4. **Reports to Council.** Transfers from the reserve for future allocation or transfers between divisions authorized by the City Manager shall be reported to City Council on a quarterly basis for review by the City Council as part of the regular quarterly budget review.

- E. **PURCHASING.** All purchases shall be made in accordance with the Purchasing Procurement and Disposition Policies approved by the Finance Committee. The following shows a summary of approval requirements for purchases.

**APPROVAL REQUIREMENTS FOR PURCHASES**

Dollar Figure	Supervisor Or Director Designee	Department Director	Purchasing Agent	City Manager	City Council
Less than \$1,000	✓				
\$1,000 to less than \$3,000 (Quotation Form)	✓	✓			
\$3,000 to \$8,000	✓	✓	✓		
\$8,000 to less than \$25,000 (Purchase Order)	✓	✓	✓	✓	
\$25,000 or more (Formal Bids - State Required)		✓	✓	✓	✓

✓ Denotes signature approval

- F. **PROMPT PAYMENT.** All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt, in accordance with the provisions of state law. Proper procedures shall be established that enables the City to take advantage of all purchase discounts, except in the instance where payments can be reasonably and legally delayed in order to maximize the City's investable cash.

**VII. CAPITAL IMPROVEMENTS PROGRAM AND THE CAPITAL BUDGET.**

- A. **PROGRAM PLANNING.** The City shall develop and maintain a multi-year plan for capital improvements and make capital improvements in accordance with the approved plan. The Capital Improvements Program will be updated annually. The Capital Improvements Program (CIP) is a planning document and does not authorize or fund projects. The planning time frame for the capital improvements program will normally be five to ten years.

- B. BUDGET PREPARATION.** The capital budget shall evolve from the Capital Improvements Program. Capital project expenditures must be appropriated in the capital budget. A funding source and resource availability shall be presented to the City Council at the time a project is presented for funding. The City's Capital Budget is to be prepared annually in conjunction with the operating budget on a fiscal year basis to ensure that capital and operating needs are balanced against each other. Projects approved for funding from the Capital Improvements Program will be included in the Capital Budget.
- C. PROJECT LENGTH BUDGET.** A budget for a capital project shall be a project length budget. At the end of the fiscal year, the unspent budget of an approved capital project shall automatically carry forward to the subsequent fiscal year until the project is completed.
- D. BUDGET AMENDMENT.** All budget amendments shall be in accordance with State law. City Manager authority to amend the budget is identified in Section VI - D.
- E. FINANCING PROGRAMS.** Alternative financing sources will be explored. Debt shall be used only to acquire major assets. The term of the debt issue may not exceed the expected useful life of the asset.
- F. REPORTING.** Periodic financial reports shall be prepared to enable the Department Heads to manage their capital budgets and to enable the Finance Department to monitor, report, and provide information about the capital budget. Capital project status reports shall be presented to the City Council at least quarterly.
- G. EVALUATION CRITERIA.** Capital investments shall foster goals of economic vitality, neighborhood vitality, infrastructure preservation, provide service to areas lacking service and improve services in areas with deficient services. Evaluation criteria for selecting which capital assets and projects to include for funding shall include the following:
- mandatory projects
  - efficiency improvement
  - policy area projects
  - project's expected useful life
  - availability of state/federal grants
  - prior commitments
  - maintenance projects
  - project provides a new service
  - extent of usage
  - effect of project on operation and maintenance costs
  - elimination of hazards

## **VIII. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING**

- A. ACCOUNTING.** The Finance Director is responsible for establishing the Chart of Accounts and for recording financial transactions.



## **B. AUDITING.**

1. **Qualifications of the Auditor.** Section 11.6 of the City's Charter requires the City to be audited annually by independent accountants ("auditor"). The CPA firm must demonstrate that it has staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. The auditor must be licensed by the State of Texas.
2. **Responsibility of Auditor to City Council and Finance Committee.** The auditor is retained by and is accountable to the City Council. The auditor shall communicate directly with the Finance Committee as necessary to fulfill its legal and professional responsibilities. The auditor's report on the City's financial statements shall be completed within 120 days of the City's fiscal year end.
3. **Selection of Auditor.** The City shall request proposals for audit services at least once every three years. The City shall select the auditor by May 31, of each year. As required in Section 11.6 of the City Charter, the Auditor is appointed by the Mayor, with approval of the Council. The Certified Public Accountant shall have no personal interest, directly or indirectly, in the financial affairs of the City or any of its officers.
4. **Contract with Auditor.** The agreement between the independent auditor and the City shall be in form of a written contract. A time schedule for completion of the audit shall be included.
5. **Scope of Audit.** All general purpose statements, combining statements and individual fund and account group statements and schedules shall be subject to a full scope audit.
6. **Publication of Results of Audit.** As required by Section 11.6 of the City Charter, notice of the completion of the audit shall be published in a newspaper and copies placed in the office of the Director of Finance and the Huntsville Public Library. A copy will also be available in the office of the City Secretary.

## **C. FINANCIAL REPORTING.**

1. **External Reporting.** As a part of the audit, the auditor shall assist with preparation of a written Comprehensive Annual Financial Report (CAFR) to be presented to the City Council. The CAFR shall be prepared in accordance with generally accepted accounting principles (GAAP) and shall be presented annually to the Government Finance Officer's Association (GFOA) for evaluation and consideration for the Certificate of Achievement for Excellence in Financial Reporting.
2. **Availability of Reports.** The comprehensive annual financial report shall be made available to the elected officials, bond rating agencies, creditors and citizens.
3. **Internal Reporting.** The Finance Department shall prepare internal financial reports, sufficient to plan, monitor, and control the City's financial affairs.

## **IX. INVESTMENTS AND CASH MANAGEMENT**

- A. DEPOSITORY BANK.** A Depository Bank shall be selected by the City Council for a two-year period. A request for proposal shall be used as the means of selecting a Depository Bank. The Depository Bank shall specifically outline safekeeping requirements.
- B. DEPOSITING OF FUNDS.** The Finance Director shall promptly deposit all City funds with the Depository Bank in accordance with the provisions of the current Bank Depository Agreement and the City Council approved Investment Policies. Investments and reporting shall strictly adhere to the City Council approved Investment Policies.
- C. INVESTMENT POLICY.** All funds shall be invested in accordance with the approved investment policy. Investment of City funds emphasizes preservation of principal. Objectives are, in order, safety, liquidity and yield. A procedures manual shall be approved by the Finance Committee.
- D. MONTHLY REPORT.** A monthly cash and investment report shall be prepared.

## **X. ASSET MANAGEMENT**

- A. FIXED ASSETS AND INVENTORY.** A fixed asset of the City is defined as a purchased or otherwise acquired piece of equipment, vehicle, furniture, fixture, capital improvement, infrastructure addition, or addition to existing land, buildings, etc. A fixed asset's cost or value is \$5,000 or more, with an expected useful life greater than one year.
- B. MAINTENANCE OF PHYSICAL ASSETS.** The City will maintain its physical assets at a level adequate to protect the City's capital investment and minimize future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of fixed assets.
- C. OPERATIONAL PROCEDURES MANUAL.** Records shall be purged that do not meet the capitalization criteria and operational procedures shall be in accordance with a fixed asset records procedure manual.
- D. SAFEGUARDING OF ASSETS.** The City's fixed assets will be reasonably safeguarded and properly accounted for. Responsibility for the safeguarding of the City's fixed assets lies with the Department Head in whose department the fixed asset is assigned.
- E. MAINTENANCE OF RECORDS.** The Finance Department shall maintain the records of the City's fixed assets including description, cost, department of responsibility, date of acquisition and depreciation where applicable. Records of land and rights-of-way shall be maintained in the Planning & Development Department.

- F. ANNUAL INVENTORY.** An annual inventory of assets shall be performed by each department using guidelines established by the Finance Department. Such inventory shall be performed by the Department Head or the designated agent. The Department Head shall use a detailed listing and shall be responsible for a complete review of assigned fixed assets. A signed inventory list shall be returned to the Finance Department.
- G. INFRASTRUCTURE MAINTENANCE.** The City recognizes that deferred maintenance increases future capital costs. Funds shall be included in the budget each year to maintain the quality of the City's infrastructure. Replacement schedules should be developed in order to anticipate this inevitable ongoing and obsolescence of infrastructure.
- H. SCHEDULED REPLACEMENT OF ASSETS.** As a part of the ongoing replacement of assets, the City has established Equipment Replacement Funds. These funds charge the user funds, based on the estimated replacement cost and estimated life of the equipment. The City maintains fleet and computer replacement funds.

## **XI. DEBT MANAGEMENT**

- A. DEBT ISSUANCE.** The City shall issue debt when the use of debt is appropriate and specifically approved by the City Council and expenditure of such monies shall be in strict accordance with the designated purpose.
- B. ISSUANCE OF LONG-TERM DEBT.** The issuance of long-term debt is limited to use for capital improvements or projects that cannot be financed from current revenues or resources and future citizens will receive a benefit from the improvement. Debt may be issued for the purposes of purchasing land or rights-of-way and/or improvements to land, street improvements, or construction projects to provide for the general good. For purposes of this policy, current resources are defined as that portion of fund balance in excess of the required reserves. The payback period of the debt will be limited to the estimated useful life of the capital projects or improvements.
- C. The City shall strive to schedule debt issues to take advantage of the small issuer status designation in regard to Federal Arbitrage laws.**
- D. PAYMENT OF DEBT.** When the City utilizes long-term debt financing it will ensure that the debt is financed soundly by realistically projecting the revenue sources that will be used to pay the debt; and financing the improvement over a period not greater than the useful life of the improvement.
- E. TYPES OF DEBT.**
  - 1. General Obligation Bonds (G.O.'s).** General obligation bonds shall be used only to fund capital assets of the general government, and not used to fund operating needs of the City. General obligation bonds are backed by the full faith and credit of the City as well as the ad valorem tax authority of the City. The term of a bond issue shall not exceed the useful life of the asset(s) funded by the bond issue. General obligation bonds must be authorized by a vote of the citizens of the City of Huntsville.

2. **Revenue Bonds (R.B.'s).** Revenue bonds shall be issued as determined by City Council to provide for the capital needs of any activities where the capital requirements are necessary for continuation or expansion of a service which produces a revenue and for which the asset may reasonably be expected to provide for a revenue stream to fund the debt service requirements. The term of the obligation may not exceed the useful life of the asset(s) to be funded by the bond issue.
  3. **Certificates of Obligation (C.O.'s).** Certificates of obligation may be used in order to fund capital assets. Debt service for C.O.'s may be either from general revenues or backed by a specific revenue stream or streams or by a combination of both. C.O.'s may be used to fund capital assets where full bond issues are not warranted as a result of the cost of the asset(s) to be funded through the instrument. Infrastructure and building needs may also be financed with Certificates of Obligation, after evaluation of financing alternatives by the City's Financial Advisor. The term of the obligation may not exceed the useful life of the asset(s) to be funded by the proceeds of the debt issue.
  4. **Tax Anticipation Notes.** Tax Anticipation Notes may be used to fund capital assets of the general government or to fund operating needs of the City. Tax Anticipation Notes are backed by the full faith and credit of the City as well as the ad valorem tax authority of the City. The term of a note issue shall not exceed the useful life of the asset(s) funded by the debt issued or seven years whichever is less.
- F. METHOD OF SALE.** The City shall use a competitive bidding process in the sale of bonds and certificates of obligation unless some other method is specifically agreed to by City Council.
- G. FINANCIAL ADVISOR.** The Finance Committee will recommend to the City Council a financial advisor to oversee all aspects of any bond issue.
- H. ANALYSIS OF FINANCING ALTERNATIVES.** Staff will explore alternatives to the issuance of debt for capital acquisitions and construction projects. These alternatives will include, but not be limited to, 1) grants in aid, 2) use of reserves, 3) use of current revenues, 4) contributions from developers and others, 5) leases, and 6) impact fees.
- I. DISCLOSURE.** Full disclosure of operations shall be made to the bond rating agencies and other users of financial information. The City staff, with the assistance of financial advisors and bond counsel, shall prepare the necessary materials for presentation to the rating agencies, and shall aid in the production of Offering Statements.
- J. DEBT STRUCTURING.** The City will generally issue debt for a term not to exceed 20 years. The City will exceed a 20-year term only upon recommendation of the City's Financial Advisor and in no case shall the term of the debt issue exceed the life of the asset acquired. The repayment schedule shall approximate level debt service unless operational matters dictate otherwise or if market conditions indicate a potential savings could result from modifying the level payment stream. Consideration of market factors, including tax-exempt qualification, and minimum tax alternatives will be given during the structuring of long-term debt instruments.

**K. FEDERAL REQUIREMENTS.** The City will maintain procedures to comply with arbitrage rebate and other Federal requirements.

**L. BIDDING PARAMETERS.** The notice of the sale of bonds will be carefully constructed so as to ensure the best possible bid for the City, in light of the existing market conditions and other prevailing factors. Parameters to be examined include:

- \$ Limits between lowest and highest coupons
- \$ Coupon requirements relative to the yield curve
- \$ Method of underwriter compensation, discount or premium coupons
- \$ Use of bond insurance
- \$ Call provisions

## **XII. INTERNAL CONTROLS**

**A. WRITTEN PROCEDURES.** Wherever possible, written procedures shall be established and maintained by the Finance Department for all functions involving cash handling and/or accounting throughout the City. These procedures shall embrace the general concepts of fiscal responsibility set forth in this policy statement.

**B. DEPARTMENT HEAD RESPONSIBILITIES.** Each Department Head is responsible to ensure that good internal controls are followed throughout the Department, that all Finance Department directives or internal controls are implemented, and that all independent auditor internal control recommendations are addressed.

**C. COMPUTER SYSTEM/DATA SECURITY.** The City shall provide security of its computer system and data files through physical security and appropriate backup procedures. A disaster recovery plan shall be developed by the Information Services Department. Computer systems shall be accessible only to authorized personnel.

## **XIII. RISK MANAGEMENT**

**A. RESPONSIBILITY.** A risk manager is responsible for the general risk liability insurance risk management function of the City. Recommendations for deductibles, limits of coverage, etc. shall be presented to the Finance Committee for review.

**B. EMPLOYEE SAFETY.** The City will aggressively pursue opportunities to provide for employee safety. The goal will be to minimize the risk of loss, with an emphasis on regularly scheduled safety programs.

**C. SELF INSURED HEALTH INSURANCE.** A detailed annual report shall be given to the Finance Committee that includes available funds, expected payouts in the plan, reinsurance costs and a rate recommendation. The presentation shall include a proposed budget for a period coinciding with the City's fiscal year.

#### **XIV.   ROLE OF THE FINANCE COMMITTEE OF CITY COUNCIL**

The finance committee appointed by City Council upon recommendation of the Mayor shall have responsibilities including:

- A.   Monitoring and recommending changes to the Investment Policy;
- B.   Managing the audit;
- C.   Overseeing of the City's Medical Insurance Health Plan;
- D.   Retirement Policy review;
- E.   Employee Benefit Policy review; and
- F.   Review of liability insurance coverages.

**ORDINANCE NO. 2006-15**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, FINDING THAT ALL THINGS REQUISITE AND NECESSARY HAVE BEEN DONE IN PREPARATION AND PRESENTMENT OF AN ANNUAL BUDGET; APPROVING AND ADOPTING THE OPERATING AND CAPITAL IMPROVEMENTS BUDGET FOR THE CITY OF HUNTSVILLE, TEXAS, FOR THE PERIOD OCTOBER 1, 2006, THROUGH SEPTEMBER 30, 2007; AND PROVIDING FOR AN EFFECTIVE DATE HEREOF.**

- WHEREAS** More than thirty days before the end of the City's fiscal year and more than thirty days before the adoption of this ordinance, the City Manager of the City Huntsville, Texas, submitted a proposed budget for the ensuing fiscal year according to Section 11.05 of the Charter of the City of Huntsville, Texas, and Texas Local Government Code Section 102.005; and
- WHEREAS** the City Manager filed a copy of the proposed budget with the City Secretary and the budget was available for public inspection at least fifteen days before the budget hearing and tax levy for the fiscal year 2006-2007 (Texas Local Government Code § 102.006); and
- WHEREAS** the itemized budget shows a comparison of expenditures between the proposed budget and the actual expenditures for the same or similar purposes for the preceding year and projects for which expenditures and the estimated amount of money carried for each [Texas Local Government Code § 102.103(a)]; and
- WHEREAS** the budget contains financial information of the municipality that shows the outstanding obligations of the City, the available funds on hand to the credit of each fund, the funds received from all sources during the preceding year; the funds available from all sources during the ensuing year; the estimated revenue available to cover the proposed budget; and the estimated tax rate required to cover the proposed budget [Texas Local Government Code § 102.103(b)]; and
- WHEREAS** on August 20, the City Secretary published notice in the City's official newspaper of a public hearing relating to the budget, which include one publication not earlier than the 30th day or later than the tenth day before the date of the hearing [Texas Local Government Code § 102.0065]; and
- WHEREAS** on September 5, 2006, the City Council of the City of Huntsville held a public hearing relating to the budget; and

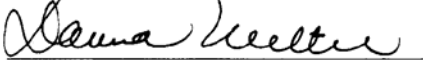
- SECTION 3:** Projects described for fiscal year 2006-2007 in the Capital Improvements budget portion of the 2006-2007 budget are approved at the cost level indicated, subject to the availability of funding of project costs (see Exhibit "B").
- SECTION 4:** City Council approves an increase in the monthly payment for a full-time employee to the City's Medical Insurance Internal Service Fund from the current \$472.00 per month to \$542.80 per month, per budgeted position.
- SECTION 5:** City Council approves a transfer of an amount equal to three and one half (3.5%) percent of the gross revenues received during Fiscal Year 2006-2007 from all water, and wastewater customers a transfer equal to three (3%) percent of gross revenues received during Fiscal Year 2006-2007 from all solid waste collection and disposal customers, to the Street Special Revenue Fund to compensate the City for the use of streets and rights-of-way by the Water, Wastewater, and Solid Waste Funds.
- SECTION 6:** Fiscal and Budgetary Policies as detailed in the 2006-2007 budget are approved.
- SECTION 7:** City Council has reviewed the investment policies and investment strategies, and the Investment and Banking Policies are approved.
- SECTION 8:** The City Secretary is directed to maintain a copy of the adopted budget, to file a copy of it with the City Library and the County Clerk, and to publish a notice saying the budget is available for public inspection [Texas Local Government Code §§ 102.008 and 102.009(d)].
- SECTION 9:** Council may amend this budget from time to time as provided by law for the purposes of authorizing emergency expenditures or for municipal purposes, provided, however, no obligation shall be incurred or any expenditure made except in conformity with the budget. [Texas Local Government Code §§ 102.009-102.011; Huntsville City Charter §§ 11.06-11.07.]
- SECTION 10:** The City Manager may, within the policies adopted within this budget, authorize transfers between budget line items; City Council may transfer any unencumbered appropriated balance or portion of it from one office, department, or agency to another at any time, or any appropriation balance from one expenditure account to another within a single office, department, or agency of the City. [Huntsville City Charter § 11.06.]
- SECTION 11:** City Council expressly repeals all previous budget ordinances and appropriations if in conflict with the provisions of this ordinance. If a court of competent jurisdiction declares any part, portion, or section of this ordinance invalid, inoperative, or void for any reason, such decision, opinion, or judgment shall in no way affect the remaining portions, parts, or sections, or parts of a section of this ordinance, which provisions shall be, remain, and continue to be in full force and effect.
- SECTION 12:** This ordinance shall take effect immediately after its passage.

PASSED AND APPROVED on this the 5th day of September 2006.

THE CITY OF HUNTSVILLE, TEXAS

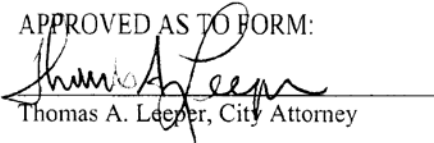
J. Turner, Mayor

ATTEST:



Danna Welter, City Secretary

APPROVED AS TO FORM:



Thomas A. Leeper, City Attorney



## EXHIBIT "A"



City of Huntsville

**Budget FY 06-07**

General Fund	14,018,060
General Fund Transfers	529,795
Debt Service Fund	1,621,502
Debt Service Fund Transfers	246,644
Water Fund	9,698,507
Water Fund Transfers	1,624,806
Wastewater Fund	7,228,343
Wastewater Fund Transfers	1,202,156
Solid Waste Fund	3,596,507
Solid Waste Fund Transfers	164,840
Street Fund	2,357,321
Street Fund Transfers	126,740
Cemetery Fund	125,105
Cemetery Fund Transfers	1,903
Internal Service Funds	
Medical Insurance Fund	2,622,740
Capital Equipment Fund	733,588
Fire Equipment Fund	134,024
Computer Equipment Fund	313,655
Special Revenue Funds	
Court Security Fund	53,298
Court Technology Fund	8,000
Airport Fund	19,665
Library SRF	17,901
Police Forfeiture Fund	-
School Resource Officers Fund	354,206
School Resource Officers Fund Transfers	7,445
Public Safety Grants Fund	181,559
Arts Center Fund	110,140
Endowment Funds	
Library Endowment	-
Cemetery Endowment Fund	-
Cemetery Endowment Fund Transfers	11,000
H/M Funds	
H/M Arts	-
H/M Arts Transfers	47,000
H/M Visitors	151,286
H/M Visitors Transfers	50,000
H/M Tourism	195,850
H/M Statue	6,500
<b>Total Operating Budget and Transfers</b>	<b>47,560,086</b>
<b>Total Capital Projects Budget</b>	<b>9,831,059</b>
<b>Total 06-07 Proposed Budget</b>	<b>57,391,145</b>

## EXHIBIT "B"



Finance Project #	Project Name	Approved LTD Budget	Total LTD Expenditures	06-07 Re-Budget	06-07 Additions	Total 06-07 Project Budget
<b>FUND 701 - WATER</b>						
70105	Palm St & Spring Creek Wtr Plant Improv & Study	663,750	214,442	449,308	-	449,308
	Spring Creek Water Plant Improvements	Included above	Included above	Included above	-	Included above
	Palm Street Water Plant Improvements	Included above	-	-	-	-
70106	24" Radial Water Line	150,000	21,547	128,453	-	128,453
70110	Economic Development - Water	100,000	-	100,000	-	100,000
70112	IH-45 Boettcher/Collard	121,625	101,739	19,886	-	19,886
70118	FM 1791 S. Phase II A - water extension	21,087	19,209	1,878	-	1,878
70119	HWY 30 Relocate Water line	119,117	109,052	10,065	-	10,065
7025	16th Street from Ave C to Avenue B -replacement	13,075	-	13,075	-	13,075
7026	Avenue B from 13th St. to 16th St. - replacement	20,325	16,259	4,066	-	4,066
7027	Avenue C from 13th St. to 16th St. - replacement	19,000	1,126	17,874	-	17,874
7035	Pine Shadows/Hickory to Normal Park - replacement	19,700	-	19,700	-	19,700
7037	Vet. Memorial Pkwy/GC to Woodward - replacement	24,625	25,058	-	-	-
7038	Dairy Farm Road - 6" Waterline - Replacement	10,500	6,286	4,214	-	4,214
7039	Mesquite Street - 6" Wtr Line Replacement	10,175	10,971	-	-	-
7040	30" Water Main Repairs	120,000	-	120,000	-	120,000
7041	Spring Creek Water Plant Improvements (Filters)	40,000	-	40,000	-	40,000
70121	Relocate 12" Waterline under I-45 @ Elkins	92,346	282	92,064	-	92,064
70122	North Sam Houston Water	20,500	-	20,500	-	20,500
70123	Moffit Springs/I-45 N. Phase I	179,500	-	179,500	-	179,500
70124	Gazebo Street - Water Extension	4,462	-	4,462	-	4,462
701-999	Unallocated Budget	68,717	-	68,717	-	68,717
	Painting of 2 MG Hydropillar	-	-	-	415,050	415,050
	Repainting of 1 MG Ground Storage	-	-	-	205,105	205,105
	Generator for Water Plant	-	-	-	55,000	55,000
	Moffit Springs/I-45 N. Phase2	-	-	-	250,000	250,000
	11th Street/MLK Street	-	-	-	150,000	150,000
	IH-45/ Elkins Lake	-	-	-	300,000	300,000
<b>FUND 702 - WASTEWATER</b>						
1702	Nondepartmental Wastewater Projects CIP	493	-	493	-	493
70201	Pine Hill Road	90,600	104	90,496	-	90,496
70202	North Sam Houston	73,000	-	73,000	-	73,000
70203	Boettcher Drive	52,000	98	51,902	-	51,902
70204	Economic Development - Waste Water	100,000	-	100,000	-	100,000
7112	TxDOT S.R.A. Wastewater Improvements	545,705	446,627	99,078	-	99,078
70208	Parker Creek WWTP Pavement Repairs	142,903	110,782	32,121	-	32,121
70209	Barnes Subdivision	63,500	-	63,500	-	63,500
70210	Old Phelps Road - Wastewater	130,500	-	130,500	-	130,500
702-999	Unallocated Wastewater Budget	9,620	-	9,620	-	9,620
	16th Street & Sycamore Rehabilitation	-	-	-	60,000	60,000
	Generators for Lift Station	-	-	-	365,000	365,000
	FM 247 Wastewater	-	-	-	36,000	36,000
	Graham Road/Hughway 75 South	-	-	-	70,000	70,000
	Highway 30 East	-	-	-	44,000	44,000
	Old Colony Road III	-	-	-	200,000	200,000
<b>FUND 711 - WASTEWATER - NOVEMBER 2002 DEBT ISSUE</b>						

## EXHIBIT "B"

Finance Project #	Project Name	Approved LTD Budget	Total LTD Expenditures	06-07 Re-Budget	06-07 Additions	Total 06-07 Project Budget
7101	Westridge Collector Sewer Lines	541,390	191,466	349,924	-	349,924
71101	Westridge & Sumac Area	Included above	Included above	Included above	-	Included above
71103	McGary Creek (Hwy 30 W. Interceptor) Phase I	617,953	541,158	76,795	-	76,795
71103	McGary Creek (Hwy 30 W. Interceptor) Phase II	Included above	Included above	Included above	-	Included above
71104	Westridge Interceptor	816,882	695,364	121,518	-	121,518
71108	Parker Creek Interceptor	771,540	107,539	664,001	-	664,001
71109	McGary Creek Force Main & Sta Upgrade	148,000	103,329	44,671	-	44,671
71131	Highway 190 East - Wastewater	100,000	-	100,000	-	100,000
71111	Westridge & Sumac Area	967,510	605,685	361,825	-	361,825
71111	McGary Creek Force Main & Sta Upgrade	832,000	605,685	226,315	-	226,315
71111	Westridge Interceptor	556,118	556,118	-	-	-
71111	Westridge Collector Sewer Lines	967,600	605,686	361,914	-	361,914
71111	McGary Creek (Hwy 30 W. Interceptor) Phase II	335,088	335,088	-	-	-
71140	Economic Development	100,000	-	100,000	-	100,000
71133	Timbers/1-45 replacement/relocation	71,993	282	71,711	-	71,711
711-999	Unallocated Budget	48,127	-	48,127	-	48,127
<b>DRAINAGE</b>						
	13th Street Headwall	-	-	-	60,000	60,000
	14th Street Headwall	-	-	-	45,000	45,000
	Bearkat Drainage	-	-	-	100,000	100,000
<b>FUND 818 - SWIMMING POOL CIP</b>						
81801	Swimming Pool CIP (Aquatic Center)	2,235,665	1,593,246	642,419	-	642,419
<b>FACILITIES</b>						
85201	Fire Station Project	1,711,276	682,408	1,028,868	-	1,028,868
<b>TIRZ</b>						
70117	Westhill Park Sect 5 Fund 701 - Water	11,970	6,596	5,374	-	5,374
70206	Engineering Only Fund 702 - Sewer	10,260	5,654	4,606	-	4,606
8689	Fund 800 - Street	148,770	81,981	66,789	-	66,789
<b>FUND 814 - SIDEWALKS CIP</b>						
81401	Sidewalks	-	-	-	40,000	40,000
<b>FUND 815 - GENERAL CIP -PARKS</b>						
81507	Kate Barr Ross Soccer Field	206,000	197,488	8,512	-	8,512
81513	Block 3 Improvements	30,909	26,024	4,885	-	4,885
81503	Way Finding Sign Project - f2Ds	60,000	42,527	17,473	-	17,473
81516	Parking Lot - Eastham Thomason Park	93,486	64,517	28,969	-	28,969
81517	Comprehensive Plan	172,500	23,956	148,544	-	148,544
81518	2005 Aerial Mapping	250,000	3,006	246,994	-	246,994
	Kate Barr Ross Concrete Work	-	-	-	14,000	14,000
	Fiber Loop Project- North	-	-	-	128,445	128,445
	Comprehensive Plan Implementation	-	-	-	30,000	30,000
	Service Center Yard Repaving	-	-	-	70,000	70,000
	Parking Lot - Pineview Park	-	-	-	10,000	10,000
<b>FUND 900 -LAND ACQUISITION</b>						
90001	Land - Cemetery Addition	30,000	32,592	-	-	-
90002	Land Purchase	16,212	16,751	47,000	13,000	60,000
90003	Library Related	30,000	-	-	-	-
<b>FUND 910 -WYNNE HOME</b>						
1910	Wynne Home	831,774	759,572	72,202	-	72,202
<b>FUND 620 -HOME GRANT</b>						
1620	HOME Grant	600,000	223,450	376,550	-	376,550
<b>Total FY 06-07 Capital Projects</b>		<b>\$ 16,339,848</b>	<b>\$ 9,190,749</b>	<b>\$ 7,170,459</b>	<b>\$ 2,660,600</b>	<b>\$ 9,831,059</b>

**ORDINANCE NO. 2006-16**

**AN ORDINANCE ADOPTING THE TAX RATE AND LEVYING TAXES FOR THE CITY OF HUNTSVILLE FOR THE 2006-2007 FISCAL YEAR UPON ALL TAXABLE PROPERTY LOCATED WITHIN AND SUBJECT TO TAXATION IN THE CITY; AND PROVIDING FOR THE EFFECTIVE DATE HEREOF.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HUNTSVILLE, TEXAS, that:**

**SECTION 1:** There is levied and assessed and shall be collected for the 2006-2007 fiscal year ending September 30, 2006, an ad valorem tax of NO AND 41.9200/100 (\$0.419200) DOLLARS for each ONE HUNDRED (\$100.00) DOLLARS of assessed value of property located within the city limits of Huntsville, Texas, on January 1, 2006, made taxable by law, which when collected, shall be apportioned among funds and departments of the city government of the City of Huntsville for these purposes:


General Fund Operations	\$0.238100
Debt Service for Payment of General Obligation Indebtedness	<u>0.181100</u>
	\$0.419200

**SECTION 2:** All property upon which a tax is levied shall be assessed on the basis of 100 percent of its appraised value. Property Tax Code § 26.02.

**SECTION 3:** This ordinance shall take effect from and after its passage by City Council.

PASSED AND APPROVED this the 5th day of September 2006.

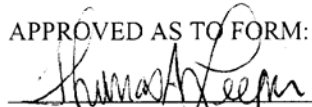
THE CITY OF HUNTSVILLE, TEXAS

  
J. Turner, Mayor

ATTEST:

  
Danna Welter, City Secretary

APPROVED AS TO FORM:

  
Thomas A. Leeper, City Attorney

# Glossary

## A

Accounting Procedures. All processes which discover, record, classify, and summarize financial information to produce financial reports and to provide internal control.

Accounts Receivable. An asset account reflecting amounts owing to open accounts from private persons or organizations for goods and services furnished by government.

Accrual Basis. The basis of accounting under which transactions are recognized when they occur, regardless of the timing of related cash flows.

Activity Center. The lowest level at which costs for operations are maintained.

ADA. An acronym meaning Americans with Disabilities Act.

Ad Valorem Latin for "value of". Refers to the tax assessed against real (land and buildings) and personal (equipment and furniture) property.

Allocation A part of a lump-sum appropriation which is designated for expenditure by specific organization units and/or for special purposes, activities, or objects.

Amount Available in Debt Service Funds. An "other debit" account in the General Long-Term Debt Account Group which designates the amount of assets available in Debt Service Funds for the retirement of general obligation debt.

Annual Budget. A budget applicable to a single fiscal year.

Appraisal. (1) The act of appraising. (2) The estimated value resulting from such action.

Appraise. To make an estimate of value, particularly of the value of property. If the property is valued for purposes of taxation, the less-inclusive term "assess" is substituted for this term.

Appropriation. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.

Arbitrage. The interest earnings derived from invested bond proceeds or debt service fund balances.

Assess. To value property officially for the purpose of taxation.

**Assessed Valuation.** A valuation set upon real estate or other property by a government as a basis for levying taxes.

**Assessment.** (1) The process of making the official valuation of property for purposes of taxation. (2) The valuation placed upon property as a result of this process.

**Assets.** Resources owned or held by a government which have monetary value.

## B

**Balance Sheet.** The basic financial statement which discloses the assets, liabilities, and equities of an entity at a specified date in conformity with GAAP.

**Bond.** A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate. The difference between a note and a bond is that the latter runs for a longer period of time and requires greater legal formality.

**Bond Fund.** A fund formerly used to account for the proceeds of general obligation bond issues. Such proceeds are now accounted for in a Capital Projects Fund.

**Budget.** A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating body for adoption and sometimes the plan finally approved by that body. It is usually necessary to specify whether the budget under consideration is preliminary and tentative or whether it has been approved by the appropriating body. See **Annual Budget, Capital Budget, and Capital Program.**

**Budget Document.** The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating body. The budget document usually consists of three parts. The first part contains a message from the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The second consists of schedules supporting the summary. These schedules show in detail the information as to past years' actual revenues, expenditures, and other data used in making the estimates.

**Budget Message.** A general discussion of the proposed budget as presented in writing by the budget-making authority to the legislative body. The budget message should contain an explanation of the principal budget items, an outline of the government's experience during the past period and its financial status at the time of the message, and recommendations regarding the financial policy for the coming period.

**Budgetary Comparisons.** Governmental GAAP financial reports must include comparisons of approved budgeted amounts with actual results of operations. Such reports should be subjected to an independent audit, so that all parties involved in the annual operating budget/legal appropriation process are provided with assurances that government monies are spent in accordance with the mutually agreed-upon budgetary plan.

**Budgetary Control.** The control or management of a government or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

**Budgetary Expenditures.** Decreases in net current assets. In contrast to conventional expenditures,

budgetary expenditures are limited in amount to exclude amounts represented by noncurrent liabilities. Due to their spending measurement focus, governmental fund types are concerned with the measurement of budgetary expenditures.

BVSWMA. An Acronym meaning Brazos Valley Solid Waste Management Agency. The City has signed a contract for solid waste disposal at the landfill site operated by this agency. The Cities of Bryan and College Station appoint members to the Board of this agency.

# C

Capital Budget. A plan of proposed capital outlays and the means of financing them.

Capital Improvement Project (CIP). A multi-year project that addresses both repair and replacement of existing infrastructure as well as the development of new facilities to accommodate future growth.

Capital/Major Project Expenditure/Expense. An expenditure/expense which results in the acquisition or addition of a fixed asset or the improvement to an existing fixed asset.

Capital Outlays. Expenditures which result in the acquisition of or addition to fixed assets.

Capital Program. A plan for capital expenditures to be incurred each year over a fixed period of years to meet capital needs arising from the long-term work program or otherwise. It sets forth each project or other contemplated expenditure in which the government is to have a part and specifies the full resources estimated to be available to finance the projected expenditures.

Capital Projects Fund. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds, Special Assessment Funds, and Trust Funds).

Cash. An asset account reflecting currency, coin, checks, postal and express money orders, and bankers' drafts on hand or on deposit with an official or agent designated as custodian of cash and bank deposits. All cash must be accounted for as a part of the fund to which it belongs. Any restrictions or limitations as to its availability must be indicated in the records and statements. It is not necessary, however, to have a separate bank account for each fund unless required by law.

Cash Basis. A basis of accounting under which transactions are recognized only when cash changes hands.

Certificates of Obligations (CO's). Similar to general obligation bonds except the certificates require no voter approval. One difference is that an entity must give voters a "notice of intent" to issue the debt, The voters have a right to stop the issue by filing a petition.

City Council. The current elected official of the City as set forth in the City's Charter.

City Manager. The individual appointed by the City Council who is responsible for the administration of City affairs.

CCN. An acronym meaning Certificate of Convenience and Necessity.

CIP. An acronym meaning Capital Improvements program.

CO. An acronym meaning Certificate of Obligation.

**Competitive Bidding Process.** The process following State law requiring that for the purchases of \$25,000 or more, a city must advertise, solicit, and publicly open sealed bids from prospective vendors. After a review period, the Council then awards the bid to the successful bidder.

**Comprehensive Annual Financial Report (CAFR).** The published results of the City's annual audit.

**Contract Obligation Bonds.** Long-term debt which places the assets purchased or constructed as a part of the security for the issue.

**COPS.** An acronym meaning Community Oriented Problem Solving.

**Cost.** The amount of money or other considerations exchanged for property or services. Costs may be incurred even before money is paid; that is, as soon as liability is incurred. Ultimately, however, money or other consideration must be given in exchange.

**Coverage.** The ratio of net revenue available for debt service to the average annual debt service requirements of an issue of revenue bonds. See **Net Revenue Available for Debt Service.**

**Current.** A term which, applied to budgeting and accounting, designates the operations of the present fiscal period as opposed to past or future periods. It usually connotes items likely to be used up or converted into cash within one year.

**Current Assets.** Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Some examples are cash, temporary investments, and taxes receivable which will be collected within one year.

**Current Expense.** An obligation of a City as a result of an incurred expenditure/expense that is due for payment within a twelve (12) month period.

**Current Liabilities.** Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

**Current Revenue.** The revenues or resources of a City convertible to cash within a twelve (12) month period.

**Current Taxes.** Taxes levied and becoming due within one year.

## D

**Debt.** An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants, notes, and floating debt.

**Debt Limit.** The maximum amount of gross or net debt which is legally permitted.

**Debt Service.** The annual amount of money necessary to pay the interest and principal (or sinking fund contribution) on outstanding debt.

**Debt Service Fund.** A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Debt Service Fund Requirement.** The amounts of revenue which must be provided for a Debt Service Fund so that all principal and interest payments can be made in full on schedule.



**Debt Service Requirement.** The amount of money required to pay interest on outstanding debt, serial maturities of principal for serial bonds, and required contributions to accumulate monies for future retirement of term bonds.

**Delinquent Taxes.** Taxes remaining unpaid on and after the date on which a penalty for nonpayment is attached. Even though the penalty may be subsequently waived and a portion of the taxes may be abated or canceled, the unpaid balances continue to be delinquent taxes.

**Department.** Separate branch of operation in the organization structure.

**Division.** Unit of a department.

**Depreciation.** (1) Expiration in the service life of fixed assets, other than wasting assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, and obsolescence. (2) The portion of the cost of a fixed asset other than a wasting asset which is charged as an expense during a particular period. In accounting for depreciation, the cost of a fixed asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

## E

**ELMUD.** An acronym meaning Elkins lake Municipal Utility District and Elkins area.

**Encumbrances.** Commitments related to unperformed contracts for goods or services used in budgeting. Encumbrances are not expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

**Enterprise Fund.** A fund established to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Examples of Enterprise Funds are those for water, gas, and electric utilities; swimming pools; airports; parking garages; and transit systems.

**EPA.** An acronym meaning Environmental Protection Agency.

**ETJ.** An acronym meaning Extraterritorial Jurisdiction.

**Expenditure/Expense.** Decreases in net financial resources for the purpose of acquiring goods or services. The General Fund recognizes expenditures and the Proprietary Funds recognize expenses.

## F

**FEMA.** *The Federal Emergency Management Agency of the federal government.*

**Finance Director.** The person appointed by the City Manager who is responsible for recording and reporting city financial activities and making recommendations regarding fiscal policies.

**Fiscal Period.** Any period at the end of which a government determines its financial position and the results of its operations.

**Fiscal Year.** A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The City of Huntsville's fiscal year begins each October 1<sup>st</sup> and ends the following September 30<sup>th</sup>.

**Fixed Assets.** Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

**Franchise.** A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

**Fund.** A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**Fund Balance.** The fund equity of governmental funds and Trust Funds. The difference between governmental fund assets and liabilities, also referred to as fund equity.

**Fund Type.** In governmental accounting, all funds are classified into eight generic fund types: General, Special Revenue, Debt Service, Capital Projects, Enterprise, Internal Service, and Trust and Agency.

**FY.** An acronym meaning Fiscal Year.

# G

**GAAP.** See Generally Accepted Accounting Principles.

**GASB.** An acronym meaning Governmental Accounting Standards Board.

**General and Administrative Costs.** Costs associated with the administration of City services.

**General Fund.** The fund used to account for all financial resources except those required to be accounted for in another fund.

**General Ledger.** A book, file, or device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double entry bookkeeping, the debits and credits in the general ledger are equal; therefore, the debit balances equal the credit balances.

**Generally Accepted Accounting Principals (GAAP).** Uniform minimum standards of and guidelines to financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provide a standard by which to measure financial presentations. The primary authoritative statement on the application of GAAP to state and local governments is NCGA Statement 1. Every government should prepare and publish financial statements in conformity with GAAP. The objectives of governmental GAAP financial reports are different from, and much broader than, the objectives of business enterprise GAAP financial reports.

**General Long-Term Debt.** Long-term debt (other than special assessment bonds) expected to be repaid from governmental funds.

**General Obligation Bonds.** Bonds for the payment of which the full faith and credit of the issuing government are pledged. In issuing its general obligation bonds, the City pledges to levy whatever property tax is needed to repay the bonds for any particular year. Bonds cannot be issued without voter approval and are usually issued with maturities of between 15 and 30 years.

**General Revenue.** The revenues of a government other than those derived from and retained in an enterprise. If a portion of the net income in an Enterprise Fund is contributed to another non-enterprise fund, such as the General Fund, the amounts transferred constitute general revenue of the government.

**GFOA.** An acronym meaning Government Finance Officers Association.

**GIS.** An acronym meaning Geographical Information System.

**Governmental Accounting.** The composite activity of analyzing, recording summarizing, reporting, and interpreting the financial transactions of governments.

**Governmental Accounting Standards Board (GASB).** The authoritative accounting and financial reporting standard-setting body of governmental agencies.

**Governmental Funds.** Those funds through which most governmental functions typically are financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects, and Debt Service Funds).

**Grants.** Contributions or gifts of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility.

**Gross Bonded Debt.** The total amount of direct debt of a government represented by outstanding bonds before deduction of any assets available and earmarked for their retirement.

# H

**HGAC.** An acronym meaning Houston-Galveston Area Council.

**HRWSS.** An acronym meaning Huntsville Rural Water Supply System.

**HUD.** An acronym meaning Housing and Urban Development.

**HWCEMS.** An acronym meaning Huntsville-Walker County Emergency Medical Service.

# I

**IH.** An acronym meaning Interstate Highway.

**Improvements.** Buildings, other structures, and other attachments or annexations to land which are intended to remain so attached or annexed, such as sidewalks, trees, drives, tunnels, drains, and sewers. Sidewalks, curbing, sewers, and highways are sometimes referred to as "betterments," but the term "improvements" is preferred.

Implementation Plan. The specific means of implementing a strategy; outline of the organization's response to fundamental policy choices.

Income. A term used in proprietary fund type accounting to represent (1) revenues or (2) the excess of revenues over expenses.

Internal Control A plan of organization under which employees' duties are so arranged and records and procedures so designed as to make it possible to exercise effective accounting control over assets, liabilities, revenues, and expenditures. Under such a system, the work of employees is subdivided so that no single employee performs a complete cycle of operations. Thus, for example, an employee handling cash would not post the accounts receivable records. Moreover, under such a system, the procedures to be followed are definitely laid down and require proper authorizations by designated officials for all actions to be taken.

Internal Service Fund. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

Investments. Securities held for the production of income, generally in the form of interest.

ISF. An acronym meaning Internal Service Fund.

IT. An acronym meaning Information Technology.

# J K L

Levy. (Verb) To impose taxes, special assessments, or service charges for the support of governmental activities. (Noun) The total amount of taxes, special assessments, or service charges imposed by a government.

Liabilities. Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded at some future date. This term does not include encumbrances.

Line Item Budget. The presentation of the City's adopted budget in a format presenting each Department's approved expenditure/expense by specific account.

Long-Term Debt. Obligation of the City with a remaining maturity term of more than one (1) year.

# M

Machinery and Equipment. Tangible property of a more or less permanent nature, other than land or buildings and improvements thereon. Examples are machinery, tools, trucks, cars, furniture, and furnishings.

Maintenance. The upkeep of physical properties in condition for use or occupancy. Examples are the

inspection of equipment to detect defects and the making of repairs.

**Mission Statement.** The purpose of the organization; why the organization exists. Ultimate answer to, "What Benefit?" and "To Whom?"

**Municipal.** In its broadest sense, an adjective which denotes the state and all subordinate units of government. In a more restricted sense, an adjective which denotes a city or village as opposed to other local governments.

## N

**Net Bonded Debt.** Gross bonded debt less any cash or other assets available and earmarked for its retirement.

**Net Revenues Available for Debt Service.** Proprietary fund gross operating revenues less operating and maintenance expenses but exclusive of depreciation and bond interest. "Net revenue available for debt service" as thus defined is used to compute "coverage" on revenue bond issues. See **Coverage**. Under the laws of some states and the provisions of some revenue bond indentures, "net revenues available for debt service" for computation of revenue bond coverage must be computed on a cash basis rather than in conformity with GAAP.

**Net Working Capital.** Current Assets less Current Liabilities in an enterprise or internal service fund.

**Non-Recurring Revenues** Resources recognized by the City that are unique and occur only one time or without pattern.

**NPDES.** An acronym meaning Natural Pollutant Discharge Elimination System.

## O

**Object.** As used in expenditure classification, this term applies to the article purchased or the service obtained (as distinguished from the results obtained from expenditures). Examples are personal services, contractual services, materials, and supplies.

**Object Total.** Expenditure classification according to the types of items purchased or services obtained; for example, personal services, materials, supplies, and equipment.

**Obligations.** Amounts which a government may be required legally to meet out of its resources. They include not only actual liabilities, but also unliquidated encumbrances.

**Official Budget.** The budget as adopted by the Council.

**One-Time Revenues.** See Non-Recurring Revenues.

**Operating Budget.** Plans of current expenditures and the proposed means of financing them. The annual operating budget (or, in the case of some state governments, the biennial operating budget) is the primary means by which most of the financing acquisition, spending, and service delivery activities of a government are controlled. The use of annual operating budgets is usually required by law. Even where not required by law, however, annual operating budgets are essential to sound financial management and should be adopted by every government.

**Ordinance.** A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Ordinarily, the statutes or charter will specify or imply those legislative actions which must be by ordinance and those which may be by resolution. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances. See **Resolution.**

**Outlays.** Synonymous with **Expenditures.**

## P

**Performance Measure.** Tools to determine what levels of service are being provided by the organization.

**Prior Years' Tax Levies.** Taxes levied for fiscal periods preceding the current one.

**Proprietary Funds.** Funds that focus on the determination of operating, income, changes in net assets (or cost recovery), financial position and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

**Purchase Order.** A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

## Q R

**Reimbursements.** (1) Repayments of amounts remitted on behalf of another party. (2) Interfund transactions which constitute reimbursements of a fund for expenditures or expenses initially made from it which are properly applicable to another fund--e.g., an expenditure properly chargeable to a Special Revenue Fund was initially made from the General Fund, which is subsequently reimbursed. They are recorded as expenditures or expenses (as appropriate) in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

**Reserve.** (1) An account used to earmark a portion of a fund balance to indicate that it is not appropriate for expenditure; and (2) an account used to earmark a portion of fund equity as legally segregated for a specific future use.

**Resolution.** A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute. See **Ordinance.**

**Retained Earnings.** An equity account reflecting the accumulated earnings of an Enterprise or Internal Service Fund.

**Revenue Bonds.** Bonds whose principal and interest are payable exclusively from earnings of an Enterprise Fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the

Enterprise Fund's property.

**Revenues.** (1) Increases in governmental fund type net current assets from other than expenditure refunds and residual equity transfers. Under NCGA Statement 1, general long-term debt proceeds and operating transfers-in are classified as "other financing sources" rather than revenues. (2) Increases in proprietary fund type net total assets from other than expense refunds, capital contributions, and residual equity transfers. Under NCGA Statement 1, operating transfers-in are classified separately from revenues.

**Risk.** The liability, either realized or potential, related to the City's daily operations.

## S

**SCADA.** An acronym meaning Supervisory Control and Data Acquisition.

**Self-Supporting or Liquidating Debt.** Debt obligations whose principal and interest are payable solely from the earnings of the enterprise for the construction or improvement of which they were originally issued.

**Special Revenue Fund.** A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

**SRF.** An acronym meaning Special Revenue Fund.

**Statistical Tables.** Financial presentations included in the Statistical Section of the CAFR which provide detailed data on the physical, economic, social, and political characteristics of the reporting government. They are intended to provide CAFR users with a broader and more complete understanding of the government and its financial affairs than is possible from the basic financial statements and supporting schedules included in the Financial Section. Statistical tables usually cover more than two fiscal years and often present data from outside the accounting records. In contrast to Financial Section information, therefore, Statistical Section data are not usually susceptible to independent audit.

**Strategy.** A fundamental policy choice that affects the organization's Missions, Visions, mandates, values, service levels, and costs.

**Supplies.** A cost category for minor items (individually priced at less than \$1,000) required by departments to conduct their operations

## T

**Tax Levy Ordinance.** An ordinance by means of which taxes are levied.

**Tax Rate.** The amount of tax stated in terms of a unit of the tax base; for example, 25 cents per \$100 of assessed valuation of taxable property.

**Taxes.** Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

**TCA.** An acronym meaning Texas Commission on the Arts.

**TCEQ.** An acronym meaning Texas Commission on Environmental Quality.

**TDCJ.** An acronym meaning Texas Department of Criminal Justice.

TEA-21. An acronym meaning Transportation Efficiency Act. Formerly ISTEA , meaning Intermodal Surface Transportation Efficiency Act.

TMRS. An acronym meaning Texas Municipal Retirement System.

TXDOT. An acronym meaning Texas Department of Transportation.

TRA. An acronym meaning Trinity River Authority.

TWDB. An acronym meaning Texas Water Development Board.

## U

Unallotted Balance of Appropriation. An appropriation balance available for allotment.

User Based Fee/Charge. A monetary fee or charge placed upon the user of services of the City.

USEPA. An acronym meaning United States Environmental Protection Agency.

## V

Vision Statements. The set of values by which the Council directs the staff about the intended impact the organization should have on the City as a whole. Provide answers to the preamble, “As a result of our efforts, citizens will...”

## W

WCAD. An acronym meaning Walker County Appraisal District.

WWTP. An acronym meaning Wastewater Treatment Plant - as used in this document, referring to one of the three plants: N.B. Davidson, A.J. Brown, or Robinson Creek.

## X Y

YMCA. Young Men’s Christian Association.

## Z